

47

**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2017-18)**

SIXTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF TELECOMMUNICATIONS)**

**DEMANDS FOR GRANTS
(2018-19)**

FORTY-SEVENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2018/ Phalguna, 1939 (Saka)

FORTY-SEVENTH REPORT
STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2017-18)

(SIXTEENTH LOK SABHA)

MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF TELECOMMUNICATIONS)

DEMANDS FOR GRANTS
(2018-19)

Presented to Lok Sabha on 13.03.2018

Laid in Rajya Sabha on 13.03.2018



LOK SABHA SECRETARIAT

NEW DELHI

March, 2018/ Phalguna, 1939 (Saka)

CONTENTS

Composition of the Committee	Page (ii)
Abbreviations	(iii)
Introduction	(v)

REPORT

PART- I

I.	Introductory	1
II.	Implementation status of recommendations of the Committee contained in the Thirty-fifth Report on Demands for Grants (2017-18) of the Ministry of Communications (Department of Telecommunications).	2
III.	Budget analysis	2
	(i) Revenue Section	3
	(ii) Capital Section	4
	(iii) Utilization of funds under Schemes during 2014-15 to 2017-18 and allocation during 2018-19	7
IV.	Internal and Extra Budgetary Resources	12
V.	Financial Position of Indian Telecom Industry	13
VI.	Universal Service Obligation Fund	17
	(i) BharatNet: Revised Strategy	21
	(ii) Scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected Areas	22
	(iii) Left Wing Extremism Phase-II	23
VII.	Defence Spectrum: Optical Fibre Cable based Network for Defence Services	24
VIII.	Telecom Testing and Security Certification Centre (TTSCC)	26
IX.	5G Connectivity Test Bed	29
X.	Review of functioning of PSUs: BSNL, MTNL and ITI	30
	(i) Bharat Sanchar Nigam Limited (BSNL)	30
	(ii) Real Estate Management	31
	(iii) Mahanagar Telephone Nigam Limited (MTNL)	33
	(iv) Revival Plan of MTNL prepared by Consultant	35
	(v) Granting VRS to MTNL employees	36
	(vi) Requirement for 4G Spectrum for BSNL and MTNL	36
	(vii) Indian Telephone Industries (ITI) Limited	37
	(viii) Status of Revival plan	39
	(ix) Expansion of Market	41

PART- II

Observations/Recommendations	42-59
-------------------------------------	-------

Appendices

I.	Minutes of the Eighth sitting of the Committee held on 21 st February, 2018.	60
II.	Minutes of the Thirteenth sitting of the Committee held on 12 th March, 2018.	63

**COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2017-18)**

Shri Anurag Singh Thakur - Chairperson

Lok Sabha

2. Shri L.K. Advani
3. Shri Prasun Banerjee
4. Shri Harishchandra alias Harish Dwivedi
5. Dr. Sunil Baliram Gaikwad
5. Shri Hemant Tukaram Godse
6. Dr. Anupam Hazra
7. Smt. Hema Malini
8. Dr. J. Jayavardhan
9. Shri P. Karunakaran
11. Shri Virender Kashyap
12. Shri Harinder Singh Khalsa
13. Dr. K.C. Patel
14. Shri Raosaheb Danve Patil
15. Smt. R. Vanaroja
16. Shri Paresh Rawal
17. Dr. Bhartiben D. Shyal
18. Shri Abhishek Singh
19. Shri D.K. Suresh
20. Shri Ramdas C. Tadas
21. VACANT

Rajya Sabha

22. Shri Raj Babbar
23. Dr. Subhash Chandra
24. Shri Suresh Gopi
25. Shri K.G. Kenye
26. Shri Santiuse Kujur
27. Smt. Kahkashan Perween
28. Dr. K.V.P. Ramachandra Rao
29. Dr. Vinay P. Sahasrabuddhe
30. Shri Sachin Ramesh Tendulkar
31. Shri Beni Prasad Verma

SECRETARIAT

1. Shri R.C. Tiwari - Joint Secretary
2. Shri Y.M. Kandpal - Director
3. Dr. Sagarika Dash - Additional Director
4. Shri Shangreiso Zimik - Under Secretary

(ii)

Abbreviations

ASCON:	Army Static Switched Communication Network
BBNL :	Bharat Broadband Network Ltd.
BE :	Budget Estimate
BPCL :	Bharat Petroleum Corporation Ltd.
BRO :	Border Roads Organization
BSNL :	Bharat Sanchar Nigam Limited
BWA :	Broadband Wireless Access
CAGR :	Compound Annual Growth Rate
CAPEX:	Capital Expenditure
C-DoT :	Centre for Development of Telematics
CEIR :	Central Equipment Identity Register
CTDP :	Comprehensive Telecom Development Plan
DoT :	Department of Telecommunications
DPR :	Detailed Project Report
EMF :	Electromagnetic Field
GDP :	Gross Domestic Product
GoI :	Government of India
GSM :	Global System for Mobile Communication
HDPE :	High Density Polyethylene
HPCL :	Hindustan Petroleum Corporation Limited
HPIL :	Hemisphere Properties India Ltd.
IEBR :	Internal and Extra Budgetary Resources
IMG :	Inter-Ministerial Group
IoT :	Internet of Things
LSA :	License Service Area
LWE :	Left Wing Extremism
M2M :	Machine to Machine
Mbps :	Megabits Per Second
MoEF :	Ministry of Environment and Forests
MTNL :	Mahanagar Telephone Nigam Limited
NER :	North-Eastern Region
NGN :	Next Generation Network
NICF :	National Institute of Communication Finance
OPEX :	Operational Expenditure
PE :	Proposed Estimate
PGCIL :	Power Grid Corporation of India Ltd.
POs :	Purchase Orders
PSU :	Public Sector Undertaking
RE :	Revised Estimate
RoW :	Right of Way
T-Cert :	Telecom Computer Emergency Response Team
TCIL :	Telecommunications Consultants India Ltd.

TEC	:	Telecommunication Engineering Centre
TERM	:	Telecom Enforcement Resource and Monitoring
TRAI	:	Telecom Regulatory Authority of India
TSPs	:	Telecom Service Providers
TTSC	:	Telecom Testing & Security Certificate Centre
UAL	:	Universal Access Levy
UNMS	:	Network Management System
USOF	:	Universal Service Obligation Fund
VNOs	:	Virtual Network Operators
VRS	:	Voluntary Retirement Scheme
VSAT	:	Very Small Aperture Terminal

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2017-18), having been authorized by the Committee to submit the Report on their behalf, present this Forty-seventh Report on Demands for Grants (2018-19) of the Ministry of Communications (Department of Telecommunications).

2. The Standing Committee on Information Technology (2017-18) was constituted on 1st September, 2017. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the Ministry/Department concerned and to make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications (Department of Telecommunications) for the year 2018-19 which were laid on the Table of the House on 9th February, 2018. The Committee took evidence of the representatives of the Ministry of Communications (Department of Telecommunications) on 21st February, 2018.

4. The Report was considered and adopted by the Committee at their sitting held on 12th March, 2018.

5. The Committee wish to express their thanks to the officers of the Ministry of Communications (Department of Telecommunications) for appearing before the Committee and furnishing the information that the Committee desired in connection with the examination of the Demands for Grants.

6. The Committee would also like to place on record their appreciation of the assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

7. For facility of reference and convenience, Observations/Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi;
12 March, 2018
21 Phalguna, 1939 (Saka)

ANURAG SINGH THAKUR,
Chairperson,
Standing Committee on
Information Technology.

Report

Part-I

I. Introductory

The Telecom Sector in India has witnessed all round growth over the last few years. Along with strong consumer demand, the liberal and reformist policies of the Government of India have been instrumental in the rapid growth of the sector. The government has ensured fair competition among service providers, and a fair and proactive regulatory framework that has resulted in telecom services being available to consumer at affordable prices. Further it has made concerted efforts at encouraging telecom equipment manufacture.

2. India is currently the world's second-largest telecommunications market with a subscriber base of 1.18 billion. India's mobile economy is growing rapidly and currently constitutes more than 98% of all telephone subscriptions. The mobile industry is expected to create a total economic value of Rs. 14 trillion (US\$ 217.37 billion) by the year 2020.

3. Telecom sector is expected to contribute substantially to India's Gross Domestic Product (GDP), and may generate four million direct and indirect jobs over the next five years, reflecting the Government's efforts to increase penetration in rural areas and a rapid increase in smart phone sales and rising internet usage.

4. Rise in mobile-phone penetration and decline in data costs will add 500 million new internet users in India over the next five years creating opportunities for new businesses. The monthly data usage per smart phone in India is expected to increase from 3.9 GB in 2017 to 18 GB by 2023. Data usage on Indian telecom operators' networks (excluding Reliance Jio), doubled in six months to 359 petabytes or 3.7 million gigabytes per month as 4G data usage share increased to 34 per cent by the end of June 2017. According to a report, the Indian telecommunication services market is likely grow by 10.3 per cent year-on-year to reach US\$ 103.9 billion by 2020.

II. Implementation status of recommendations of the Committee contained in the Thirty-fifth Report on Demands for Grants (2017-18) of the Ministry of Communications (Department of Telecommunications).

5. The Thirty-fifth Report of the Standing Committee on Information Technology on Demands for Grants (2017-18) of the Ministry of Communications (Department of Telecommunications) was presented to Parliament on 17th March, 2017. The Department of Telecommunications furnished their Action Taken Notes on the observations/recommendations contained in the Thirty-fifth Report on 4th July, 2017. The Fortieth Report on Action Taken by the Government on the Thirty-fifth Report was presented to Lok Sabha on 11th August, 2017. Out of 16 recommendations contained in the said report, 09 recommendations were accepted by the Government. The Committee had commented on 04 recommendations and replies to 03 recommendations had been found to be of interim nature on which final replies have been sought from the Ministry. The final Action Taken Statement on the recommendations contained in the Fortieth Report will be laid in Parliament in due course.

III. Budget analysis

6. The Department of Telecommunications (DoT) presented Demand No. 14 for the Financial Year 2018-19 on 9th February, 2018. The Revenue and Capital Sections of the Budget are as under:-

(Rs. in crore)

Major Head	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Budget Estimates	2017-18 Revised Estimates	2017-18 Actual (up to January, 2018)	2018-19 Budget Estimates
Revenue Section	12087.15	21263.00	27740.18	23556.47	19636.81	17146.50	23052.53
Capital Section	938.99	2321.81	3327.60	3386.00	4995.54	1945.84	5002.75
Grant Total	13026.14	23584.81	31067.79	26942.47	24632.35	19092.34	28055.28
Recoveries	2086.98	3099.97	7272.94	11636.18	7000.00	2200.52	10000.00
Gross	15113.12	26684.78	31067.79	38578.65	31632.35	19092.34	38055.28

7. Explaining the differences between Revenue and Capital expenditures, the Department in their written reply have informed the Committee that Revenue Expenditure is an expenditure incurred in the day to day conduct and administration of the Department and effect of which is completely exhausted during the current accounting period and is charged directly to an account such as maintenance, wages, salaries, pension, etc. A Capital expenditure is an expenditure incurred to acquire or to improve an assets such as equipment or building and effects/benefits of which will be long term. Earlier expenditure forming part of Government of India Plan was classified as Planned Expenditure both under Revenue and Capital Head. Expenditure which did not form part of Plan Expenditure was classified as Non-Plan. Further, it is stated that Ministry of finance has changed the policy for projecting /allotment of funds from Plan / Non Plan funds under Revenue / Capital from BE 2017-2018.

(i) Revenue Section

8. Proposed Outlay, Budget Estimates, Revised Estimates and Actuals from the year 2014-15 to 2017-18 and Proposed Outlay and Budget Estimates during 2018-19 are as under:-

(Rs. in crore)

Revenue Section	2014-15	2015-16	2016-17	2017-18	2018-19
Proposed	21573.82	22968.15	23305.56	27614.54	36865.29
BE	14267.06	13284.41	18355.96	35192.65	33052.53
RE	11628.48	21052.85	28598.33	26636.81	--
Actual	12087.15	21263.01	27740.18	17146.50*	--
% of Expenditure w.r.t. RE	103.94	101.00	97.00	64.34	--

*Actual 2017-18 is up to January, 2018 (as on 15.02.2018).

9. Reduction of funds under USOF to the tune of Rs 4636.18 Cr has been cited as the main reasons for the decrease in the allocation made at RE stage during 2017-18.

10. The Committee have been informed that maximum utilization has been made under ITI Ltd., Financial relief to ITI, TRAI, SASEC and C-DoT. Significant utilization has also been noticed in TEC, TERMS CCAs, Pension, WPC, WMO and Interest on MTNL

Bonds. However, overall utilization under Revenue Section is 87.13% till January, 2018.

11. During 2018-19, there is no increase in the allocation in BE 2018-19. The amount of BE 2018-19 is Rs. 33052.53 crore where as it was Rs. 35192.65 cr. in BE 2017-18.

(ii) Capital Section

12. Proposed Outlay, Budget Estimates, Revised Estimates and Actuals from the year 2014-15 to 2017-18 and Proposed Outlay and Budget Estimates during 2018-19 are as under:-

(Rs. in crore)

Para 10					
Capital Section	2014-15	2015-16	2016-17	2017-18	2018-19
Proposed	3652.16 (R E)	5914.40 (R E)	6833.04 (R E)	5075.54(R E)	5456.75 (B E)
Budget Estimates	3798.00	2590.5	2858.7	3386.6	5002.75
Revised Estimates	641.15	2325.81	3345.54	4995.54
Actual*	638.99	2321.8	3327.6	1960.90	...
% age w.r.t. R E	99.66	99.83	99.46	39.25	...

*Actual 2017-18 is up to February, 2018.

13. On being enquired about the reasons for the massive increase in the allocation made at RE stage during 2017-18, the Department have stated that for OFC Based Network for Defense Service, Rs. 3755.00 crore has been provided which resulted in an increased of Rs. 755 crore. Under ITI Revival, Rs. 137 crore was enhanced in RE 2017-18. Provision of Rs. 51 crore has been made under the head 'Loan to HPIL' and provision of Rs. 700 crore has been made for Investment to HPIL.

14. The details of BE 2017-18, RE2017-18 and expenditure till 27 February, 2018 under Capital Section and reason for under utilization have been provided as under:-

Capital Section					(Rupees in Crore)
Sl. No.	Name of Schemes/ Programmes	RE 2017-18	Actual Exp. (up to 27.02.18)	Variation (RE-Actual)	Reasons for variations
1	Defence Spectrum - Optical Fibre Cable Based Network for Defence Services	3755.00	1726.07	2028.93	It is expected that the actual expenditure in 2017-18 would be Rs 3755 Cr against the RE of Rs 3755 Cr.
2	Equity infusion for ITI Revival	337.00	200.00	137.00	The remaining amount of Rs 137 Cr would be released shortly.
3	Equity infusion in HPIL for Stamp duty	700.00	0.00	700.00	Allocated amount shall be utilized on approval of proposed Cabinet Note by the CCEA
4	DoT Building	0.01	0.00	0.01	Utilisation against this allocation has been NIL as submission of Detailed Project Report and Preliminary Estimate by CPWD is under finalization.
5	WMO Building	10.00	1.41	8.59	Though construction of boundary wall at Dehradun, Goa, Raipur and IMS, Mumbai have been completed, demands have not been received by CPWD for payment, making the funds unutilized. Balance amount would be utilized before 31 st March, 2018.
6	Wireless Planning & Coordination (WPC)	1.00	0.30	0.70	Balance amount would be utilized before 31 st March, 2018.
7	Monitoring Services (WMO)	6.80	0.00	6.80	Improvement of utilization of funds during the remaining months of FY 17-18 is unlikely.
8	Telecom Engineering Centre (TEC)	4.74	0.00	4.74	Utilization of remaining funds is linked with the arbitration and appeal cases of NGN & SAR Lab respectively and will be released according to the decision.
9	Trg. Institute for Comm Finance	39.99	26.52	13.47	As per MoURs. 25.00 crores have been deposited as initial deposit with CPWD and balance deposit is to be released after award of work of NICF Project.
10	Establishment of Satellite Gateway Assistance to BSNL	15.00	0.00	15.00	Bills under process. Payment will be released shortly.
11	Telecom Testing & Security Certificate Centre (TTSC)	15.00	6.60	8.40	A project for the establishment of the TTSC centre has been sanctioned and work for the establishment of the infrastructure of the lab has been

					allotted to BSNL. BSNL is in the process of issuing work orders. Funds have already been released to BSNL to the extent of Rs. 6.6 crores. IISc has been designated for the procurement of test equipment and test tools and the specifications have been prepared. It is anticipated to utilize the funds in this financial year.
12	Telecom Computer Emergency Response Team (T-Cert)	10.00	0.00	10.00	It is anticipated to utilize funds to the extent of Rs.10 Crores which is the RE allotment.
13	Central Equipment Identity Register (CEIR)Promotion	15.00	0.00	15.00	The equipment specifications have been prepared for the lab at CDoT for the development and validation of the solution and procurement action for the equipment has been initiated and funds to the extent of Rs12.5 crores are expected to be utilized.
14	Soft Loan to HPIL for payment of Stamp duty & Other Misc Exp	51.00	0.00	51.00	Inter-Ministerial consultation on Draft Cabinet Note incorporating this issue is in progress and is being finalized. Allocated amount shall be utilized on approval of proposed Cabinet Note by the CCEA
15	5G Test Bed	35.00	0.00	35.00	It is intimated that the budget allocation for 'Indigenous 5G Test Bed' has been made in RE 2017-18. The Telecom Commission has granted in-principle approval of the financial assistance / grant for the project proposal of IITs to set up 'Indigenous 5G Test Bed' in India. Thereafter, the case for approval of Hon'ble MoS (IC), MoC has already been initiated by NT Cell. The same is under examination at present in Department of Legal Affairs for legal vetting of the terms and conditions governing Grants-in-aid for the project. After approval, the budget allocation is likely to be utilised by 31-03-2018.
	Total	4995.54	1960.90	3034.64	

15. During 2018-19, an amount of Rs.5002.75 crore has been allocated at BE which was Rs.1616.75 crore more than BE of 2017-18. The Department have provided the details of BE 2017-18 and BE 2018-19 under Capital Section and reason for increase in the allocation in the following table:-

Rs. in crore				
Sl. No.	Capital Section Name of Schemes/Programmes	BE 2017-18	BE 2018-19	Increase (BE 18-19 - BE 17-18)
1	Defence Spectrum - Optical Fibre Cable Based Network for Defence Services	3000.00	4500.00	1500.00
2	Equity infusion for ITI Revival	200.00	100.00	-100.00
3	DoT Building	40.00	50.00	10.00
4	WMO Building	20.00	25.00	5.00
5	Wireless Planning & Coordination (WPC)	1.00	1.00	0.00
6	Monitoring Services (WMO)	10.00	10.00	0.00
7	Telecom Engineering Centre (TEC)	15.00	14.12	-0.88
8	Trg. Institute for Comm Finance	40.00	111.15	71.15
9	Establishment of Satellite Gateway Assistance to BSNL	15.00	0.00	-15.00
10	Telecom Testing & Security Certificate Centre (TTSC)	15.00	27.00	12.00
11	Telecom Computer Emergency Response Team (T-Cert)	15.00	15.00	0.00
12	Central Equipment Identity Register (CEIR)Promotion	15.00	15.00	0.00
13	5G Test Bed	0.00	134.48	134.48
	Total	3386.00	5002.75	1616.75

(iii) Utilization of funds under Schemes during 2014-15 to 2017-18 and allocation during 2018-19

16. Proposed Outlay, Budget Estimates, Revised Estimates and Actuals from the year 2014-15 to 2017-18 and Proposed Outlay and Budget Estimates during 2018-19 are as under:-

(Rs. in crore)					
Proposed/BE/RE/Actual	2014-15	2015-16	2016-17	2017-18	2018-19
Proposed	26673.15	20623.24	18218.32	18218.32	21986.55
Budget Estimate	7500.00	5199.95	5865.00	15353.72	15306.41
Revised Estimate	2970.58	5794.96	11312.49	12320.67	
Actual	2949.87	5787.24	10883.14	7297.46*	
% w.r.t RE	99.30	99.87	96.20	59.23	

*Till February, 2018

17. During 2017-18, an amount of Rs.12320.67 crore had been allocated at RE for implementation of various Plan Schemes, however, the utilization till January, 2018 was as Rs.6053.47 crore. When the Committee enquired about the slow pace of utilization of funds, the Department have provided the scheme wise details of RE2017-18, expenditure up to 22 Feb 2018 and the current status of various schemes have been provided as under:

Sl. No.	Schemes	RE 2017-18	Expenditure up to 27 Feb,2018	Remarks
1	Compensation to Services provider for -USOF	7000.00	5046.61	It is expected that the actual expenditure in 2017-18 would be Rs 7000 Cr against the RE of Rs 7000 Cr and the target would be fully achieved.
2	Optical Fibre Cable Based Network For Defence Services	3755.00	1726.07	It is expected that the actual expenditure in 2017-18 would be Rs 3755 Cr against the RE of Rs 3755 Cr.
3	C-DOT	287.00	255.66	The proposal for release of remaining amount is under process.
4	WPC	1.80	0.30	A total of Rs. 0.30 cr. have so far been utilized out of Rs. 1.00 cr. Further, purchase of some IT infrastructures were in advance stage during the Financial Year. Balance amount would be utilized before 31 st March, 2018.
5	WMO	18.70	1.41	Payment is released up on the advice of local CPWD office, which has been entrusted to oversee the work and when a demand is raised payment is release. Though construction of boundary wall at Dehradun, Goa, Raipur and IMS, Mumbai have been completed, demands have not been received by CPWD for payment, making the funds unutilized. Balance amount would be utilized before 31 st March, 2018.
6	TEC	4.74	0.00	Funds of Rs 4.74 Crores were demanded at RE 2017-18 for various schemes of TEC' out of which payment of Rs. 3 crore is expected to be released in this financial year against EMF instruments. However, utilization of remaining funds is linked with the arbitration and appeal cases of NGN & SAR Lab respectively and will be released according to the decision.
7	NICF	50.98	26.52	During 2017-18, an amount of Rs. 10 crore under HRM and Rs. 36.36 cr had been allocated for conducted Training/Workshop/Seminar etc. and Setting up of Physical Infrastructure of NICF. However, the utilization till January, 2018 was as Rs.3.60 crore under HRM and the same is likely to be Rs. 7.50 cr (in anticipation of approval for MCTP-II) and Rs. 26.52 cr has already been incurred under Capital. The remaining allocated funds under this head is likely to be utilized as per expected schedule.
8	TDIP	4.00	1.14	The proposal for release of remaining amount is under

				process.
9	Establishment of Satellite Gateway Assistant to BSNL	15.00	0.00	The proposal is under process and the amount will be released shortly.
10	Construction of DOT HQrs New Building	0.01	0.00	It is expected that funds would be utilized in full.
11	ITI Revival (Equity Investment)	337.00	200.00	ITI had sought total funds of Rs 661 Crs under RE 2017-18 for meeting its CAPEX requirement in accordance with the approved Revival Plan. Rs 337 Crs has been allocated as RE for the year 2017-18. Rs 337 Crs includes Rs 200 Crs allocated in BE 2017-18 which has already been utilized. The remaining amount of Rs 137 Cr would be released shortly.
14	Investment to HPIL	700.00	0.00	Inter-Ministerial consultation on Draft Cabinet Note incorporating this issue is in progress and is being finalized. Allocated amount shall be utilized on approval of proposed Cabinet Note by the competent authority.
15	Loan to HPIL	51.00	0.00	Inter-Ministerial consultation on Draft Cabinet Note incorporating this issue is in progress and is being finalized. Allocated amount shall be utilized on approval of proposed Cabinet Note by the competent authority.
16	Telecom Testing & Security Certificate Centre (TTSC)	15.00	6.60	The works are geared up for utilization of the funds allotted under RE for 2017-18
17	Viability Gap funding to BSNL	2.00	1.00	The balance amount of Rs 1 Cr would be released shortly.
18	Telecom Computer Response Team (T CERT)	10.00	0.00	The technical specifications of the equipment for the PoC implementation at four locations have been prepared and CDoT has initiated the procurement action. It is anticipated to utilize funds to the extent of Rs.10 Crores which is the RE allotment.
19	Financial Sport to BSNL SASEC information highway Projects	5.94	5.94	Funds fully utilized now.
20	Central Equipment Identity Register (CEIR)	15.00	0.00	The equipment specifications have been prepared for the lab at CDoT for the development and validation of the solution and procurement action for the equipment has been initiated and funds to the extent of Rs12.5 crores are expected to be utilized.
21	TRAI	16.50	16.50	Funds fully utilized now.
22	TDSAT	1.00	0.00	The amount would be fully utilized shortly.
23	5 G Connectivity Bad	35.00	0.00	The budget allocation for 'Indigenous 5G Test Bed' has been made in RE 2017-18. The Telecom Commission has granted in-principle approval of the financial assistance / grant for the project proposal of IITs to set up 'Indigenous 5G Test Bed' in

				India. Thereafter, the case for approval of Hon'ble MoS (IC), MoC has already been initiated by NT Cell. The same is under examination at present in Department of Legal Affairs for legal vetting of the terms and conditions governing Grants-in-aid for the project. After approval, the budget allocation is likely to be utilised by 31-03-2018."
24	Special Assistance to Swachhta Action Plan (SASAP)	15.00	10.00	The remaining amount of Rs 5 Cr would be utilized before 31 Mar 2018.
	Total	12340.67	7297.46	

18. Giving an overview of the achievement made by the Department, Secretary, DoT stated as under:-

"I wanted to mention by way of overview because as the hon. Member was pointing out, we normally give a flood of statistics and details and it is often hard to make out the areas of genuine achievements verses the areas of genuine challenges. At the outset, I would say that the areas of very, very significant achievements are on the infrastructure side because in the last three years, we have doubled the optic fibre coverage in the country from seven lakh to 14 lakh kilometres. Under BharatNet Phase-II, we expect that we will further increase this to three-fold. Second, on the towers, we have doubled the number of towers. If not doubled, in fact, from 7 lakh we have gone to 16 lakh towers."

19. During 2018-19, against the proposed amount of Rs.21986.55 crore, an amount of only Rs. 15306.41 crore has been allocated at BE during 2018-19. The details of proposed Estimates and Budget Estimates made for Plan Schemes during 2018-19 are as under:

SI No.	Schemes	2018-19		Remarks
		Proposed	BE	
1	Compensation to Services provider for - USOF	10450.00	10000.00	BE 2018-19 is reduced by 450 cr. The shortfall, if required, would be taken up at Supplementary Demands For Grants 2018-19.
2	Optical Fibre Cable Based Network For Defence Services	10000.00	4500.00	The shortfall, would be taken up at Supplementary Demands For Grants 2018-19.
3	C-DOT	342.00	260.00	The shortfall, would be taken up at Supplementary Demands For Grants 2018-19.
4	a) WPC	1.75	1.90	No reduction.

5	b) WMO	30.59	37.00	No schemes are likely to be affected at the BE stage of 2018-19.
6	TEC	46.90	14.12	Though the allotment of RS 14.12 Crore against the proposed planned schemes has been given against the requirement given of Rs 47 Crores is quite less. However, it may be asked for reallocation of funds during the 2018-19 at the time of RE 2018-19, if required.
7	NICF	132.65	123.81	NICF has proposed 120.51 crores. The proposed amount allocated under BE i.e. 70% of proposed amount which comes to 84.35 crores will meet the requirement under Capital Head as the work is expected to start in the mid of FY 2018-19.
8	TDIP	28.66	4.00	The shortfall, would be taken up at Supplementary Demands For Grants 2018-19.
9	Construction of DOT HQrs New Building	20.00	50.00	No reduction.
10	ITI Revival (Equity Investment)	555.00	100.00	ITI had requested Rs 555 Crs under BE 2018-19 and as per the budget only Rs 100 Crs has been considered against this. The projects have already been earmarked and the funds allotted in BE 2018-19 will be fully utilised during 2018-19 once the funds are received by ITI. In view of less allocation, the projects have been reduced and the funds will be invested against the earmarked projects to the extent of availability of funds during 2018-19. Shortfall, if any, would be taken up for inclusion in the Supplementary Demand for Grants.
11	Telecom Testing & Security Certificate Centre (TTSC)	27.00	27.00	Funds as requested for BE have been received
12	Viability Gap funding to BSNL	1.00	1.00	Funds as requested for BE have been received
13	Telecom Computer Response Team (T CERT)	15.00	15.00	Funds as requested for BE have been received
14	Central Equipment Identity Register (CEIR)	15.00	15.00	Funds as requested for BE have been received
15	TRAI	300.00	17.00	The proposal for BE 2018-19 was drawn taking into account Rs. 281 cr. for TRAI Building. The proposal for TRAI Bldg. is under consideration. Demand if any, would be taken up at Supplementary Demands For Grants 2018-19.
16	TDSAT	1.00	1.10	No reduction.

17	5 G Connectivity Bed	0.00	134.48	The Telecom Commission has granted in-principle approval of the financial assistance / grant for the project proposal of IITs to set up 'Indigenous 5G Test Bed' in India. Thereafter, the case for approval of Hon'ble MoS (IC), MoC has already been initiated by NT Cell. The same is under examination at present in Department of Legal Affairs for legal vetting of the terms and conditions governing Grants-in-aid for the project. After approval, the additional budget allocation would be requisitioned for in Supplementary Demands For Grants 2018-19.
18	Special Assistance to Swachhta Action Plan (SASAP)	20.00	5.00	The shortfall, would be taken up at Supplementary Demands For Grants 2018-19.
Total		21986.55	15306.41	

20. To a query of the Committee to better utilize the funds and achieve the targets during 2018-19, the Department have informed that the Department is actively monitoring and facilitating the important projects like BharatNet and NFS. In past one year the Telecom Commission has approved /taken important decisions in a number of USOF projects as well as approved enhancement of allocation from Rs. 13334 cr. to Rs. 24362 cr. for NFS project. This would facilitate utilization of fund in year 2018-19. Further, the Department would be conducting regular/periodic review meetings to ensure that the funds allocated in 2018-19 are better utilized and targets set are achieved within the stipulated period.

IV. Internal and Extra Budgetary Resources

21. Proposed Outlay, Budget Estimates, Revised Estimates and Actuals from the year 2014-15 to 2017-18 and Proposed Outlay and Budget Estimates during 2018-19 are as under:-

(Rs. in Cr)

IEBR	2014-15	2015-16	2016-17	2017-18	2018-19
Proposed					
BE	23597.00	16018.14	16815.70	15235.75	25684.13
RE	17572.33	15029.86	11703.27	17501.39	NA
Actual	4671.64	5859.53	2821.56	6231.86@	NA
% w.r.t. RE	26.58%	38.99%	24.11%	35.60	-

@ Actual expenditure is up to Dec 2017

22. During 2017-18, an amount of Rs.15435.75 crore was set as IEBR target at BE which was increased to Rs.18589.39 crore at RE. When asked about the reasons for the massive increase in IEBR allocation made at RE, it is stated that IEBR target of Rs. 15435.75 Cr at BE and Rs. 18589.39 Cr at RE includes the amount of budgetary support for 2017-18. However, the actual IEBR at BE stages is Rs. 15235.75 Cr and at RE stages is Rs. 17501.39 Cr. Reasons for the increase is due to the higher payment of interest and dividends and repayment of loan.

23. On the status of achieving the targets during 2017-18, the Department have stated that all out efforts are being made to achieve IEBR target for the year FY 2017-18. However, some slippage may occur due to the following reasons:

24. Asked about the reasons for massive increase in the IEBR target during 2018-19, the Department have stated that the increase in budgetary expenditure is due to, generally, balance payment, provision for operation and maintenance charges & payment of interest and dividends. In the case of BBNL, the budgeted expenditure for 2018-19 has been proposed more to enable achievement of the target of Phase II for Bharat Net project by 31.03.2019. Provision for operational and maintenance charges have also been kept in this projection.

25. The Committee have been informed that IEBR target projections for the year 2018-19 are based on realistic assessment and achievable.

V. Financial Position of Indian Telecom Industry

26. SBI Chairperson had written to the Department on issue of debt on 22/05/2017. It had been indicated that the total debt of the Telecom Industry stood at Rs 7.88 lakh crores (Table 1). This is more than thrice the Gross Revenue of the sector at Rs 2.1 lakh crores. The total borrowings are at Rs2.62 lakh crores of which the domestic borrowing of the sector is at Rs 1.78 lakh crores.

Outstanding Debt Liabilities of Telecom Operators

Rs in Crores

Particulars	Telecom Service Provider	Tower Companies	Total
Indian Debt	159675	18049	177724
Foreign Debt	83918		83918
Total Bank/FI Debt	243593	18049	261642
Bank Guarantees	50000		50000
Deferred Spectrum Liabilities of DoT	295864		295864
Other Third Party Liabilities	175464	4763	180227
Total Outside Liabilities	764922	22812	787734

27. When asked about the root cause, the Department have submitted that telecom sector has a large capex requirement and there is need for expenditure on maintenance to maintain the quality of service. The sector was showing robust growth at 9 per cent CAGR in the past five years, but witnessed declining revenue in the second half of FY 2016-17 primarily on account of recent entry of a new player in Q3 of FY2016-17 and the increased competition and the steep fall in tariff. The collection of License Fee and Spectrum Usage Charges also fell. The recent entry of a new player in Q3 of FY2016-17 and the steep fall in tariff also led to concerns in the banking sector on the revenue generation and repayment capacities of the TSPs.

28. Highlighting its impact on collection of License Fee and spectrum usage charge, Department has stated that SUC is levied from telecom licensees as a percentage of Adjusted Gross Revenue (AGR). That is, the Govt. will get a percentage of revenue earned by the telecom service providers. The amount of SUC is thus dependent upon the revenue accruing to TSPs.

29. However, in the second course of FY 1016-17, the gross revenue of major access revenue providers fell sharply. Despite no fall in voice traffic and an exponential growth in data traffic, the revenue for eight major operators i.e. Aircel, Airtel, Idea, Reliance, RJIo, Tata, Telenor and Vodafone fell in Q4 of FY 2016-17. As one of the most competitive markets globally the telecom tariffs in India are amongst

the lowest in the world. There has been *in recent months*, highly competitive pricing of telecom services led by TSPs mainly driven by Jio. The increased competition in the sector and the entry of a new operator led to free promotional offers leading to a downward trend of tariffs. Consequently, the revenue share to the Govt. (SUC) has declined.

30. DoT had also given the view that the issue of tariffs/ competition issues is not within the jurisdiction of DoT. The tariffs are under the regulatory jurisdiction of TRAI. Majority of telecom tariffs are under 'Forbearance' which denotes that the TRAI has not, for the time being, notified any tariff for a particular telecommunication service and the service provider is free to fix any tariff for such service, provided that the service provider shall comply with the reporting requirements in respect of such tariff. While the consumer has benefitted due to option of various bundled packages in the market, this has also led to stress in the TSPs and consolidation in the sector. DoT is in favour of reduced tariffs, but at the same time, the TSPs need to be sustainable, and there should not be monopolistic tendencies in the sector.

31. On the specific query of the Committee regarding the measures taken to improve the financial health of the TSPs, the Department have stated that the Committee of Secretaries (CoS) had discussed the issue relating to stress in balance sheet in select sectors in its meeting held on 29th March 2017. Consequently, an Inter-Ministerial Group (IMG) was constituted on 16/05/2017 with following terms of reference:

- To examine systemic issues affecting viability and repayment capacity in telecom sector and furnish recommendations for resolution of stressed assets,
- Policy reforms and strategic interventions for Telecom sector.

32. The IMG held eight meetings and also held consultations with all the major TSPs and the Banks. Based on these and other sectoral data IMG analyzed the nature and extent of financial stress in the telecom sector and made a set of recommendations.

33. The IMG noted that the financial stress for some has been caused because of low operating cash flows over a number of years, inadequate equity infusion and debt which does not appear sustainable. The sector is in the midst of consolidation. The competitive context of the industry has led to accumulation of debt, decline in EBIDTA and requirement of periodic infusion of additional equity.

34. In view of this the primary solutions to the current problems in the sector will come internally from the TSPs and they remain liable to service the debt taken by them. Any proposed government intervention needs to be carefully calibrated to ensure that the short term pain points are somewhat eased giving the sector time to rework its investment and business strategy.

35. Accordingly, the IMG has made recommendations which are under consideration of the Government.

36. In this regard, Secretary, DoT, stated as under:-

"Sir, I would like to submit here that overall, as you know, because of the new entrant and the very disruptive technologies that have been brought in, all telcos – not just PSUs like BSNL and MTNL – including the established players like Airtel, Vodafone and Idea, are facing stress and it is to address that situation of stress that the Government had constituted an inter-ministerial group and it has made a number of suggestions. Those suggestions are now under consideration and are likely to be placed before the Cabinet shortly. We expect that once the overall sector returns to normal, and we are able to also facilitate the PSUs in terms of giving them fresh spectrum etc., over a period of time, it will come back to normal."

VI. Universal Service Obligation Fund

37. Proposed Outlay, Budget Estimates, Revised Estimates and Actuals from the year 2014-15 to 2017-18 and Proposed Outlay and Budget Estimates during 2018-19 are as under:-

(Rs. in crore)

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Proposed	14790.00	12600.00	7350.00	13938.00	10450.00
BE	3537.00	2400.00	2755.00	11636.18	10,000.00
RE	2086.98	3100.00	7225.79	7000.00	
Actual	2086.98	3100.00	7227.03	5046.61*	
% w.r.t. RE	100%	100%	100%	72.04%	

*Till February, 2018

38. Explaining the reasons for the decrease in the allocation from BE to RE during 2017-18, Department have stated that BE of Rs 11636.18 Cr was proposed for the year 2017-18. However, keeping expenditure pattern during Apr – Sept 2017, the Department proposed a RE 2017-18 of Rs. 7300 crore including Rs. 6000 crore for BharatNet, Rs. 434 crore for Left Wing Extremism (LWE), Rs. 275 crore Wi-Fi for USOF schemes. Against the above said proposal, the amount of Rs. 7000 crore has been allotted which includes Rs. 6000 crore for BharatNet exclusively. Due to less expenditure booked under BharatNet during previous two quarters of the year, the RE for BharatNet has been reduced to Rs. 6000 crore against Rs. 10000 crore which was allotted at BE for BharatNet in the current financial year. The amount of Rs. 5043.06 Cr has been disbursed in FY 2017-18 and the remaining amount of RE shall be utilized till the end of March 2018.

39. When the Committee enquired about the reasons for allocating fewer amounts at BE during 2018-19 when compared with the previous year, it is stated that the amount of Rs. 11636 crore which includes Rs.10000 crore exclusively for BharatNet and Rs. 1636 crore for other schemes was allotted under BE 2017-18. For the year 2018-19, the total amount of Rs. 10000 crore has been allocated which includes Rs. 8000 crore for BharatNet. Based on the expenditure incurred during previous year and available balance with BBNL is the reason for allocating less

amount at BE during 2018-19. Major priority schemes under USOF are BharatNet, Provision of WiFi connectivity under BharatNet; Left Wing Extremism (LWE) affected Areas and Comprehensive Telecom Development Plan for North East Regions.

40. The Scheme-wise details under USOF during 2017-18 are as under:-

(Rs. in crore)

Sl. No	Schemes	2017-18 Proposed	2017-18 BE	2017-18 RE	2017-18 Actual	2018-19 proposed	2018-19 BE
1	2	6	7	8	9	10	11
1	BharatNet Phase – I & II	10402.51	10000	6000.00	3100	8000.00	8000.00
2	Mobile connectivity in Left Wing Extremism (LWE) affected areas.	434.27	400	400.00	361.86	424.00	524.00
3	USOF Supported scheme of Mobile coverage in left Wing Extremism affected area Phase-II					500.00	
4	Augmentation, creation & management of OFC Network in Assam service area	13.36	5.00	5.00		11.68	11.68
5	Augmentation, creation & Management of OFC network in NE-I & NE -II (Earlier titled as SAs other than Assam)	133.33	30.00	10.00		38.80	38.80
6	CSC - 5000 Wi-Fi Chaupal		50	50.00	54.3	0.00	0.00
7	Provision of 25,000 'Wi-Fi Hotspots' using the block-level infrastructure of BSNL's Telephone Exchanges in Rural Areas.		275	250.00	187.5	450.00	450.00
8	CTDP Islands Schemes	614.13	345.98	145.98		489.23	443.29
9	CTDP NER	2199.05	400	100.00		400.00	400.00
10	Augmentation of Transmission Media under CTDP for NER	100.00	100			100.00	100.00

11	RDEL - P						
12	Other USOF Schemes	40.00	30.2	38.91	18.23	33.00	33.00
13	Total (Rounded to)	13938.00	11636.18	7000.00	3721.89	10450.00	10000.00

41. The amount of Rs. 10450 crore was proposed for BE 2018-19 against which funds amounting to Rs. 10000 crore has been allocated for the year 2018-19. Additional amount required, if any, to achieve the target of the various schemes of USOF shall be considered at the stage of RE 2018-19 without affecting adversely.

42. The Committee also enquired about the total USOF collected and disbursed till date, the Department have informed that the resources for meeting the Universal Service Obligation (USO) are generated through a Universal Access Levy (UAL) which is a percentage of the revenue earned by the operators under various licenses. The Universal Service levy presently is 5% of the Adjusted Gross Revenue earned by all the operators. The objective of the collection of levy is to provide the services to people in the rural and remote areas at affordable and reasonable prices and provision of Mobile Infrastructure Services, Broadband Services, General Infrastructure such as Optical Fibre Cable for rural and remote areas and Pilot projects for induction of new technological developments in the rural telecom sector.

43. During the financial years 2002-03 to 2017-18, Universal Service Levy (USL) amounting to Rs. 89429.20 crore has been collected. The final allotment of received through Parliamentary approvals was transferred to Head 8235 General & Reserve Fund-118 USO Fund in the respective years and the entire allocation so made and transferred to USO Fund, was optimally utilized in the respective years. The amount of Rs. 41032.39 crore has been utilized/dispensed under various schemes of USOF. The balance of UAL amount available as potential fund under USO is Rs. 48396.80 crore till date.

44. The Committee also have been informed that USOF prepares the budgetary provisions to meet the expenditure required for fulfilment of the various schemes

and forwards the requirement of funds to Ministry of Finance through Budget branch of DoT. The allocation received from the Ministry of Finance through Budget branch of DoT is utilized to meet the expenditure incurred under the projected schemes of USOF. The Ministry of Finance vide their letter No. F-2(35)-B (AC)/2009 dated 28-01-2014 have stated that as and when the scheme takes off, Government is bound to provide funds for the schemes of USO Fund.

45. The details of total requirement of funds for implementation of various approved USOF schemes is given below:-

Rs. in crore

S. No.	Name of the Schemes	Project Cost	Disbursement up to date	Requirement of Funds
1.	BharatNet Phase – I & II	42,068.00	14,635.97	27,432.03
2.	Mobile connectivity in Left Wing Extremism (LWE) affected areas Phase -I.	4,080.00	1,907.55	2,172.45
3.	Comprehensive Telecom Development Plan for North East Region	5336.18		5336.18
4.	Comprehensive Telecom Development Plan for Islands	1589.24	12.75	1576.49
5.	Provision of 'Wi-Fi Hotspots'	1,085.11	296.70	788.41
6.	Augmentation, creation & management of OFC Network in Assam and North Eastern Region	486.89	63.63	423.26
7.	Village Public Telephone	300.00	124.67	175.33
	Total	54,945.42	17,041.27	37,904.15

46. On this issue, Secretary, DoT stated as under:-

"Sir, as far as the USOF is concerned, I want to mention here that today, the USOF has almost Rs. 65,000 crore worth of schemes which have been sanctioned only very recently: Bharat Net – around Rs. 42,000 crore; LWE-II – about Rs. 7,330 crore; the Comprehensive Telecom Development Plan for the North-East – Rs. 5,363 crore; the Comprehensive Telecom Development Plan for Islands – Rs. 1,834 crore. In short, what we are doing is that all the areas where the coverage is weak currently, we are

trying to improve it. I do accept that there are areas where coverage is weak and these are predominantly all rural areas. You would have noticed that our rural tele-density still needs substantial improvement. The areas where work is being taken up now include the entire North-East, the LW areas, which you mentioned, J&K where connectivity is poor, the border villages, both for strategic reasons as well as for connectivity to the remote areas. It is done only in the last one year. If you have seen the expenditure of USOF in 2016-17, it was more than the combined expenditure of USOF in the previous years. Now, there is a quantum jump in the coverage of schemes taken up under USOF as well as the pace of utilisation. That is why, in the last one year, we have completed 100,000 GPs under Bharat Net."

(i) BharatNet: Revised Strategy

47. To address the shortcomings in the initial plan, on 19.07.2017, the Union Cabinet approved a modified strategy for implementing BharatNet in three Phases:

- Phase-I – 1,00,000 GPs under implementation. Being executed by 3 CPSEs viz. BSNL, RailTel and PGCIL.
- Phase-II – The remaining 1,50,000 GPs (approx.) are targeted to be implemented by March 2019.
- Phase-III – To upgrade the network to meet the future requirements.

48. The Union Cabinet has approved the project at a total estimated cost of Rs. 42,068 Crore (exclusive of GST, octroi and local taxes) which includes Rs. 11,148 Crore for Phase-I and Rs. 30,920 Crore for Phase-II and other activities, to be funded from USOF.

49. The Status of Project as on 11.02.2018 is as follows:

Items	Achieved
Pipe laid (GPs)	116054
Pipe laid (Km)	262979
OFC pulled (GPs)	112049
OFC pulled (Kms)	262947
Service Ready (GPs)	102546

50. The Department have also informed the Committee that during December 2017, the average rate of making GPs “Service Ready” has been 708 GPs per day. All efforts are being made to achieve the target of connecting 1.5 lakh GPs by March, 2019.

51. Proposed Outlay, Budget Estimates, Revised Estimates and Actuals from the year 2014-15 to 2017-18 and Proposed Outlay and Budget Estimates during 2018-19 are as under:-

(Rs. in crore)

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Proposed	9000.00	9334.71	5000.00	10402.51	8000.00
BE	1091.00	1254.97	1055.93	10000.00	8000.00
RE	1351.86	2415.10	5600.00	6000.00	--
Actuals	1351.86	2415.10	5600.00	4350.00	--
%w.r.t. RE	100%	100%	100%	72.5%	--

52. When enquired whether the amount allocated will be sufficient for achieving the target during 2018-19, the Department have stated that the target is to connect all 2.5 lakh (approx.) Gram Panchayats with broadband connectivity and provision of last mile connectivity in them by March, 2019. The amount of Rs. 8000 crore has been allocated to meet the requirement of the project for the year 2018-19. Any short fall of funds shall be requisitioned in RE 2018-19 to achieve the target and to avoid the adverse effect on the scheme.

(ii) **Scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected Areas**

53. On 20.08.2014, the Cabinet approved a project implementation cost of Rs. 3567.58 crores (inclusive of all taxes except octroi and local taxes), discovered by BSNL through tender process, against a revised estimated cost of Rs. 3216.12 crores to provide Mobile Services in 2199 locations [1836 new sites & 363 sites already installed by BSNL] in Left Wing Extremism (LWE) affected areas in the states of Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha, Telangana, Uttar Pradesh and West Bengal, to be funded by Universal

Service Obligation Fund (USOF). The project is executed by Bharat Sanchar Nigam Limited (BSNL). Agreement between USOF and BSNL was signed on 30.09.2014.

54. In addition to above, Ministry of Home Affairs has identified 156 locations for provision of mobile services in LWE affected areas. The Department of Telecommunication has approved provision of mobile services at 156 locations at an estimated cost of Rs 275 Crore in June 2016. State-wise status of LWE Phase I scheme are as under:-

S. No.	State	No. of Total Locations identified by MHA	Additional 156 Sites	Total sites Under LWE Phase I	Radiating
1.	Andhra Pradesh	54	8	62	56
2.	Bihar	184	66	250	250
3.	Chhattisgarh	497	35	532	519
4.	Jharkhand	782	34	816	816
5.	Maharashtra	60	5	65	65
6.	Madhya Pradesh	22	0	22	22
7.	Odisha	253	8	261	256
8.	Telangana	173	0	173	171
9.	Uttar Pradesh	78	0	78	78
10.	West Bengal	96	0	96	96
	Total	2,199	156	2355	2329

55. DoT has approved enhancement of VSAT bandwidth from 512 kbps to 1024 Kbps on 198 sites of LWE Phase I scheme in July 2017. Further, Telecom Commission in its meeting of 21st December 2017 has recommended enhancement of VSAT bandwidth to 2 Mbps at all sites on VSAT under LWE Phase-I at the cost of 89 Crore.

(iii) Left Wing Extremism Phase-II

56. Department of Telecommunications has also received an additional requirement from Ministry of Home Affairs (MHA) for provisioning of 4072 mobile towers in 96 Security Related Expenditure (SRE) districts on 27th October 2017. Telecom Commission approved implementation Plan based on recommendation of

the Committee constituted under Member (T) on 21.12.2017 at project cost of Rs. 7,330 crore by setting up 4072 sites on 2G+4G technology. The Note for the Cabinet approval is under process. The state wise breakup for provisioning of 4072 towers is given below:

S.No.	State	No. of Districts	No. of Mobile Towers
1.	Andhra Pradesh	8	429
2.	Bihar	8	412
3.	Chhattisgarh	16	1028
4.	Jharkhand	21	1054
5.	Maharashtra	2	136
6.	Madhya Pradesh	1	26
7.	Odisha	18	483
8.	Telangana	14	118
9.	Uttar Pradesh	3	179
10.	West Bengal	5	207
Total		96	4072

VII. Defence Spectrum: Optical Fibre Cable based Network for Defence Services

57. Network For Spectrum (NFS) project was sanctioned by Cabinet Committee on Infrastructure (CCI) for Defence Services in lieu of the spectrum to be vacated by them. The total sanctioned cost of project is Rs. 13,334 crore. The proposal for revision is under process. BSNL has been assigned the responsibility to roll out and establish NFS which is a dedicated Pan India network for the Defence Services. It will provide a dedicated, state of art communication facilities for the Defence Services and will provide additional overlay with improved redundancy .It will strengthen the communication infrastructure, the mission critical capabilities and national preparedness of our Defence Services .The project is divided into two major parts viz . Optical Fiber Cable)OFC (and Equipment .For OFC part, out of 60,000 km in total on pan India basis, around 52,000 km)87 (%has been laid .For equipments, out of eight components tenders have been finalized for six components .

58. Proposed Outlay, Budget Estimates, Revised Estimates and Actuals from the year 2014-15 to 2017-18 and Proposed Outlay and Budget Estimates during 2018-19 are as under:-

(Rs. in crore)

Proposed/BE/RE /Actuals	2014-15	2015-16	2016-17	2017-18	2018-19
Proposed	10000.00	5000.00	8230.00	8230.00	10000.00
BE	3065.00	2400.00	2710.00	3000.00	4500.00
RE	358.08	2220.00	3210.00	3755.00	
Actuals	358.08	2220.00	3210.00	1726.00*	
%w.r.t. RE	100.00	100.00	100.00	45.96	

*As on 22nd February, 2018

59. During 2018-19 against the proposed amount of Rs.10000 crore, an amount of only Rs. 4500 crore has been allocated at BE. To a query of the Committee regarding the steps taken for increasing the allocation, the Department have stated that during 2017-18, Rs 1726 Cr has been spent till date. BE for 2017-18 was Rs 3000 Cr. It is expected that the actual expenditure in 2017-18 would be Rs 3755 Cr against the RE of Rs 3755 Cr. For year 2018-19, the amount asked for is Rs 10,000 Cr. However BE for 2018-19 has been given as 4500 cr. The Advanced Purchase (APO)/Purchase Orders (PO) have been released for 08 Components out of 10 components. By the end of March 2018, Rs 8323 Cr would have been incurred on NFS. Rs 4500 Cr would be incurred first on NFS in 2018-19. The additional budget may be asked for in RE 2018-19 based on the actual expenditure on NFS in the 1st six months of 2018-19.

60. On the major difficulties faced in the implementation of the project, the Department in a written note have stated that 60000 kms of OFC was to be completed by 31.7.2015 as 36 months from July 2012. But around 52000 km of OFC could be completed by Jan 2018. The major impediment is getting Right of Way permissions from various agencies like NHAI, Railways, Oil India, BRO, MoEF and various state agencies like PWD, forest, Wildlife, municipal agencies etc. Getting RoW permissions from these agencies was a major task. Vigorous efforts are being made at to expedite the process of obtaining RoW permissions. A number of review meetings were done at DoT level to facilitate the RoW permissions. With regards to

OFC equipments there were several court cases by various bidders at the tendering stage. Resolving these legal issues is a time taking process and are being followed up regularly.

61. With regard to the latest status of implementation of the project, BSNL has informed that the revised estimation of the project is Rs 24664 crore. The proposal of enhancement of budget from Rs 13334 crore to Rs 24664 crore was considered by the Telecom Commission in its meeting held on 29th Sep 2017. The Minutes of TC and directed that a Committee comprising of officials of Niti Aayog, Department of Expenditure, Department of Telecommunications and Ministry of Defence may look into the matter and send its recommendations to DoT within a month.

62. As per the directions of Telecom Commission, a Committee for Appraisal of Network for Spectrum project was constituted by DoT. The Committee has submitted its report on 20.12.2017. The TC in its meeting held on 09.01.2018 has approved the recommendations of the Appraisal Committee report and approved the proposal to be placed for the consideration of the Cabinet. The process for taking necessary approval from the Cabinet is under process. The project will take a maximum of 24 months for procurement, installation, testing and commissioning of equipments after the approval of the Cabinet for enhancement of budget.

VIII. Telecom Testing and Security Certification Centre (TTSCC)

63. The objective of setting up of TTSCC To make the network more secure and less vulnerable from internal and external threats by testing and validating each network element before its integration with the network. Under the pilot project of Telecom Testing and Security Certification centre the target is to set-up a security test lab which will function as a national test bed for security testing to facilitate formulation of standards and policies as well as provide facilities for security testing, validation and security certification and help in creation of security test facilities and capacity building.

64. During 2017-18, an amount of Rs.15 crore has been allocated at BE and RE. On the shortfall in achieving the targets during 2017-18, the Committee have been informed that the approval for project estimate was received on 15.12.17 Work order for infrastructure works has been awarded to BSNL. BSNL has initiated the work and has received bids for the works. DoT team along with IISc has prepared the requirement of tools and test equipment and procurement action is in progress to synchronize with the completion of the infrastructure works by BSNL. The project could not be completed due to delay in the approval which was received on 15.12.17. The project is going on at a reasonable pace and is expected to be completed by July 2018. Expeditious action has been taken and till Feb 2018, Rs 6.6 crore has been utilised out of the RE of Rs 15 crore. Efforts are on to ensure that the remaining funds are also utilised.

65. The Committee also enquired about the major impediments being encountered in the implementation of the project and measures taken to address the problems. To this query, the Department have stated that being a highly specialised area, there is a general lack of sufficient expertise with in the country. The development of tests and processes for security testing of telecom equipment is highly complex and technical in nature. Further, no country/agency shares the details of country specific security testing being conducted. There is no readymade off the shelf solution and therefore substantive efforts are required to develop in-house security standards for testing telecom network elements.

66. On the mechanisms put in place to test all telecom equipment (imported and domestically manufactured), it is stated that under this project, there are no labs set-up for security testing of telecom equipment. At present the regulation with respect to security testing of telecom equipment as stated in license amendment dated 31.05.2011, the licensees are to induct only those network elements into their telecom network which have been got tested as per relevant contemporary Indian or international Security standards. From 1st April 2013, the certification of the testing was to be got done only from authorized and certified agencies/labs in India. This

date stands extended till 31.03.2018. Hence, the testing of telecom equipment are being got done by the manufacturers/vendors as per contemporary standards at the accredited labs concerned form anywhere in the world. The license condition provides that the copies of the results and test certificates are kept by the licensee for a period of 10 years from the date of procurement of equipment. The verification of the same is part of the security audit conducted of the licensees. Further, to ensure that all telecom equipment are conforming to standards, the DoT has vide a gazette notification dated 05.09.17 amended the Indian Telegraph Rules incorporating rules for Mandatory Testing and Certification of telecom equipment. This amendment will come into force from 1st October 2018. Mandatory testing will be against DoT specified essential requirements which inter alia includes security requirements.

67. Highlighting on the issue, Secretary, DoT stated as under:-

"We know that this is an area where we need to be having our own indigenous facilities, particularly, to test a lot of foreign equipment that is imported and fits in our networks. Finally, in the last year, there has been a significant progress and the framework for security testing is more or less finalised. Both the experts from the DRDO as well as the telecom and the IT experts have sat together and made this framework with Dr. Gulshan Rai who is the adviser on Cyber Security. We are expecting to notify the labs which will do the testing. Already, ten labs have been brought on board and in the coming months, we will be bringing the remaining labs. An important point that I want to bring to the notice of the hon. Members is that, post October 2018, every single component of the telecom network elements will undergo mandatory testing in India. This is both to safeguard security as well as to ensure that we erect a non-tariff barrier to check the indiscriminate imports of network equipment that are coming in from some of our neighbouring countries. This will be a major step forward in improving our strategic cyber security for the telecom networks."

IX. 5G Connectivity Test Bed

68. 5G is the next technological frontier. The economic benefits from the 5G technology are also quite immense. For India, 5G provides an opportunity for industry to reach out to global markets and consumers to gain with the economies of scale. Digital transformation through 5G will fundamentally impact other national Mission Mode projects like Digital India, Smart Cities, Start up India etc.

69. 5th Generation of technology is still at evolving stage and standard of 5G will be finalized by the year 2019. With a view the work of 5G technology and decide roadmap for India, a High Level forum for 5G India 2020 has been constituted 22 Sep 2017 by Govt, comprising of 03 Secretaries –Telecom, Meity and DST, renowned global experts, professors from IITs & IISC and other stakeholders – Chennai, Mumbai, Hyderabad, New Delhi and IISc Bangalore, and Indian industry/association of ICT Sector. The High Level Forum has been assigned the task of recommending vision Mission and Goals for the 5G India 2020, and evaluate, approve roadmaps & action plans for 5G India 2020.

70. Further elaborating on the issue, Secretary, DoT stated as under:-

"I would like to answer that in the whole area of IOT, M2M and 5G etc., we believe that India has now developed sufficient capabilities in order to assume a position of leadership. A number of steps, measures and programmes are also underway. Under Prof. Paul Raj, who is one of the leading global inventors of the wireless technology underlying 5G, we have set up a high-level task force and we expect that India's roadmap for 5G will be unveiled in June or July this year. It will provide a big catalyst to India being not just an adopter of 5G but an early leader of 5G. Also, we are bringing the IIIT Hyderabad as well as the IITs, particularly, IIT Mumbai and IIT Chennai which have leadership capabilities in this. We are setting up test beds there to make sure that the entire ecosystem can also develop."

X. Review of functioning of PSUs: BSNL, MTNL and ITI

(i) Bharat Sanchar Nigam Limited (BSNL)

71. Total income, Total expenditure and Net profit/(loss) of BSNL from 2014-15 and Income target for 2018-19 are provided as under:-

Amt. in crore

Year	2014-15	2015-16	2016-17	2017-18 (upto 3 rd quarter)	2018-19
Total Income Target	-	-	-	26500	28500
Total Income	28645	32411	31533	16268	-
Total expenditure	37291	37270	36327	24562	-
Net Profit	-8234	-4859	-4793	-8294	-

72. The Committee have been informed that the main source of revenue of BSNL during the last three years are from Consumer Fixed Assets, Consumer Mobility, Enterprises Business and New Business Infrastructure), whereas Staff Cost, Admn. Cost, Licence fee and Depreciation are the main items of expenditure. Projected Revenue and Projected Expenditure for 2018-19 is Rs. 28500 crore and Rs. 35850 crore respectively.

73. With regard to the items on which there has been increasing/decreasing trend in revenue receipts during the period from 2014-15 to 2017-18, the Committee have been informed that there have been decreasing trend under consumer fixed access and IUC.BSNL was able to increase the revenue receipts in Broadband, Leased Line, Consumer mobility and passive infrastructure segment by increasing the consumer base upto 2016-17. However, BSNL is observing decline in revenue receipt in FY 2017-18 in all segment except passive infrastructure.

74. The market share of BSNL of Wireline, Wireless and Broadband services in the country during the last 03 years and current year as under:

Status as on	Market share of BSNL (Wire-line)	Market share of BSNL (Wire-less)	Market share of BSNL Broad-band Wire line
31.03.2015	61.80	7.92	64.18
31.03.2016	58.63	8.40	58.54
31.03.2017	56.15	8.66	54.71
30.11.2017	53.68	9.27	52.83

75. Assistance in the form of subsidy given by Govt. to BSNL is Rs13028 Crore (from 2007-08 to 2016-17). On the assistance still required, it is stated that Govt. to continue the assistance to BSNL in the form of giving Govt. projects on nomination basis.

76. On giving further assistance to BSNL, Secretary, DoT had stated as under:-

"we are looking to position BSNL as the foremost rural player. Under Bharat Net, the architect of the BharatNet project as well as the current efforts that we are making in order to provide services through wi-fi etc., we have given prime importance to BSNL and we hope that they will be able to harness this opportunity and position themselves as the service provider of first choice in the rural areas."

77. The reason why it has been difficult to minimize loss are (i) hyper competition in the telecom industry that has resulted in a steep decline in tariffs however it is felt that this shall ease and tariffs may increase in the coming months and (ii) BSNL is burdened with a huge salary cost. To ease the burden the government may consider the VRS proposal already submitted for consideration.

78. As per the reports in economic times dated 23.02.2018 (article: Telcos fear Govt Relief may come too late), the telecom industry has an accumulated debt of 7 lakh crores. The debt burden of BSNL is 9000 crores that is 1.2% making it the least indebted company in the industry.

79. Apart from telecom services, the Committee have been informed that BW unit of BSNL is endeavoring to earn revenue from land and building assets of BSNL as well as by providing Project Management Consultancy to other Government Departments for their Civil Works.

(ii) Real Estate Management

80. There are total 15,192 land parcels in BSNL. These land parcels are for the purpose of providing Telecom Services and Staff Quarters. Out of these land parcels, 4030 freehold land parcels having fair value more than 1 Crore have been identified

at prime locations. Fair value of 4,030 prime land parcels have been ascertained as on 01.04.2015 in accordance with Indian Accounting Standards Rules-2015. The amount is Rs.70,524.89/-.

81. On being asked about the number of parcels under lease hold and free hold, the Committee have been informed that out of total 15,192 land parcels, 14,181 land parcels are freehold and 1,011 land parcels are lease hold. Fair valuations of only 4030 lands located at prime locations have been done as IndAS-113 allows incorporation of fair value of land parcels on selective basis at the discretion of the Organization as one time measure. Accordingly, BSNL management took decision for Fair Valuation of land parcels having value more than 1 crore.

82. BSNL undertook a Pilot Project in 2012 for commercial exploitation of 10 plots of lands situated at various places in the country with a hope that case specific approval shall be given by DoT. Consequently, out of these 10 land parcels, proposals for commercial exploitation of 7 land parcels viz. Borivali, Santacruz & Deonar lands in Mumbai, Sector-18 & 33 lands in Noida, Ennore Wireless Station land in Chennai and RTTC Thiruvananthpuram land in Kerala, were submitted to DoT for approval between 26.12.2013 to 29.04.2014. The proposals entail total upfront revenue of Rs. 1,057 Crores and Net Present Value (NPV) of Rs. 2,863 Crores. The decision is still awaited from DoT. As the pilot project could not be taken off, commercial exploitation of other plots could not be processed.

83. When asked why DoT have still not accorded approval to this proposal of BSNL, the Department in a written reply have informed the Committee that DoT had processed the request of BSNL. However, requisite approval could not be granted due to policy decision of Government of India circulated vide Cabinet Secretariat DO letter No. 511/2/1/2010-CA.III dated 21/03/2011 stipulating that specific approval of the Cabinet in each case of sale or long term lease of land belonging to the Government or Government controlled statutory authorities would be

required. These directions have been reiterated by Ministry of Finance as well as Ministry of Urban Development. Considering this, the issue was taken up with Cabinet Secretariat for clarification/relaxation in the matter. The Cabinet secretariat vide their U.O. Note dated 13-02-2018 has recently provided clarifications on some of the issues. Accordingly, requisite action in this regard is underway.

84. On the status proposal/request from individual/PSUs/Government Departments for leasing or utilizing the vacant land of BSNL, the Committee have been informed that BSNL has received proposal for ten land parcels in Telangana Circle from HPCL, 5000 sq ft. land in Karnataka Circle from UIDAI, 15 land parcels in HP Circle from IOCL, 9 land Parcels in Gujarat Circle from IOCL, 6 land parcels in MP Circle, 20 Acre land in Tamilnadu Circle from Chennai Metro Rail Corporation Ltd., 4 land parcels in Kerala Circle from HPCL, 5 land parcels of Rajasthan Circle from HPCL, 6 land parcels in UP(West) Circle from BPCL, and 5 land parcels in Punjab Circle from HPCL. Out of these proposals, one proposal for 10 land parcels in Telangana Circle from HPCL has been submitted to DoT for accord of approval in accordance Article of Association of BSNL- 144(3) (a) and other proposals are with BSNL in advance stage of submission to DoT.

(iii) Mahanagar Telephone Nigam Limited (MTNL)

85. The details of revenue and working expenses of MTNL are as follows:

(Fig in Crore)					
Item	2014-15	2015-16	2016-17	2017-18 (up to Dec-17)	2018-19 Projection
Total Income target (as per MOU)	4193.64	3825.89	3561.86	2812.40	2952.50
Total Income	3821.06	3512.71	3552.46	2456.41	2952.50
Total Expenditure	6723.48	6351.19	6497.92	4529.23	6306.51
Net Profit	-2902.42	-2838.48	-2945.46	-2072.82	-3354.01

86. The Committee have been informed that the main source of revenue of MTNL during the last three years are from items like Basic services, Interconnect usage Charges, Mobile Services, Leased Circuits, Broadband, FTTH, ISDN, Wi-Fi Hotspots, Data Center services, Value Added services and Internet. Whereas the items of

expenditure of MTNL during the same period are on items like staff Cost, Administrative / Operative Expenditure, License fees, Revenue sharing, Finance cost, Depreciation and Amortization.

87. The details of market share of MTNL Wireless and wireline customers are given below:

As on	Wireless		Wireline	
	Delhi	Mumbai	Delhi	Mumbai
31.03.15	5.06%	3.83%	51.22%	63.40%
31.03.16	4.91%	3.91%	50.94%	62.15%
31.03.17	4.36%	3.55%	49.69%	61.17%
30.11.17	4.32%	3.44%	48.48%	60.25%

88. The total liabilities and Asset of the company, net worth and outstanding debt of MTNL (as on 31.12.17) are as follows:

(In Rs Cr.)

Total Liabilities	22525.73
Total Assets	17084.32
Net worth	-5441.40
Outstanding Debt	16870.40*

*excludes Rs 4533.97 Cr. where the liability of Interest and Principal is with Government of India (Refund of BWA Spectrum)

89. The Committee also enquired, what will be the position of MTNL after 3-4 years if the present trend continues. To which the Department have replied that from FY 2010-11 to FY 2016-17, MTNL has been maintaining its revenue almost steady. However, after launch of 4G mobile service by one of the operator in third quarter of FY 2016-17, the revenue of all operators including MTNL has impacted adversely. Due to hyper competition created by launch of 4G service by one of the new entrant, at one side tariff of the Mobile and Data services has plummeted to rock bottom at other side customer churn out is also taking place due to saturated market conditions in Delhi and Mumbai. As a result the Broadband revenue has shown slump in each quarter with reference to the earlier quarterly accounts whereas the wireless revenue has come down very drastically in each quarter. The major challenge today for an operator is to minimize its loss by preventing customer

churn through improving Quality of Service and offering competitive tariff and look for other source of revenue generations like content delivery etc. In order to sustain the revenues and retain customers, additional CAPEX is being infused in Delhi to expand and upgrade the 3G network to offer competitive services. MTNL is aggressively pushing to roll out FTTH service. MTNL has also sought spectrum from Government for roll out of 4G service in Delhi and Mumbai.

90. Though the operating revenues are taking a dip due to a very intensive and cut throat competition, however MTNL has tried to keep the overall expenditure under tight control with meticulous management of administrative expenses. Due to large number of employee retiring every year @ of 3000+ employees p.a. (around 12% of total employees in each year), the staff cost will show a downward trend from FY2017-18 onwards. With the allotment of 4G spectrum to MTNL against equity infusion by Government of India, the negative growth in wireless and broadband segments is expected to be contained in the coming years.

91. The proposal of VRS to 5312 employees i.e. 20% of the staff retiring in next 10 years, the staff cost is expected to reduce by 20% thus improving the negative cash flow position of the MTNL.

92. However the above measures and the revival plans of MTNL need to be got executed quickly to control further sliding of the revenues. With the above measures the operating loss of MTNL is expected to come down significantly in the coming 3-4 years.

(iv) Revival Plan of MTNL prepared by Consultant

93. On the Revival Plan of MTNL, the Department have submitted that based on the financial results of MTNL for the financial year 2016-17, MTNL was classified as “Incipient Sick CPSE” as per DPE Guidelines. MTNL has engaged M/s Deloitte as Consultant for providing “Advisory Services” for revival plan of MTNL. The revival plan prepared by M/s Deloitte was considered by MTNL Board and forwarded the same to DoT for consideration. The “Revival Plan of MTNL” prepared by Consultant -

M/s Deloitte as well as various options/strategies for revival of MTNL were considered and discussed in DoT. M/s Deloitte has given certain recommendations for the revival of MTNL. The recommendations and discussions include various options/plans including the merger of BSNL and MTNL. An Internal Committee of DoT is examining the recommendations of the report and to decide about the path of financial/HR/Corporate restructuring to achieve the ultimate goal of revival of MTNL

(v) Granting VRS to MTNL employees

94. MTNL had submitted a VRS proposal to DoT based on Gujarat model of DPE targeting 50% of workforce over 50 years of age with 100% financial assistance from Govt. Telecom commission further reviewed it and recommended for 20% of staff to retire in next 10 years for VRS. However, the said proposal is under consideration of the Govt.

95. When asked in what way offering VRS to employees will help in reviving the fortune of MTNL, it was replied that offering VRS to employees will significantly help MTNL in reviving its financial health, because the average age profile of the employee of MTNL is more than 54 years and the staff expenses of MTNL at 76.75% is one of the highest among the telecom operators in the country. MTNL incurring staff cost at present more than 76.75 % of the revenue as opposed to 4 to 6% by its competitors in the private sector.

(vi) Requirement for 4G Spectrum for BSNL and MTNL

96. MTNL and BSNL have submitted proposals for allotment of spectrum with government support for launching of 4G services in their respective Licensed Service Areas (LSAs). A request of BSNL for allotment of another block of 5 MHz spectrum in 2100 MHz Band has been received in DoT which is under consideration. Recently MTNL vide its letter dated 15/2/2018 addressed to Special Secretary, DoT has also proposed for allotment of another block of 5 MHz spectrum in 2100 MHz Band.

97. Secretary, DoT stated as under:-

"Already, very recently, the hon. Minister has declared on the floor of the House that Government is shortly going to take a final decision in the matter and that we are very actively considering giving 4G spectrum."

(vii) Indian Telephone Industries (ITI) Limited

98. Details of Revenue and Expenditure of ITI from 2014-15 to 2018-19 are as under:-

Year	Rs. in Cr				
	2014-15	2015-16	2016-17	2017-18 (Actual upto Dec '17)	2018-19 (Estimated)
Total Income target					
Total Income	659	1,675	1,904	922	3170
Total Expenditure	957	1,533	1,764	800	2675
Net Profit	(297)	251	305	152	495

Rs 152 Crs with grant up to 31.12.2017 and Rs 495 Crs profit 2018-19 is without grants

99. With regard to revenue target for the year 2017-18, it is stated that against the target of s Rs 2000 Crs, achievement till 31.01.2018 is Rs 830.61 Crs. Remaining turnover expected from NFS, GPON, SMPS, GSM, Defence Secrecy, MLLN, BNG, Solar and smart energy meters and trading business. Final actual achievement for FY 2017-18 will be declared on 31.3.2018

100. ITI Ltd. turnover is increasing steadily from Rs 620 Cr (FY 2014-15), to Rs 1253 Cr (FY 2015-16) , to Rs 1611 Cr (2016-17). Simultaneously losses have come down drastically and has started generating profit since 2015-16. Further during Q3 of FY 2017-18 company has booked profit of Rs 19 Cr without Grant which signifies that company is already in revival path.

101. Asked about the projected turnover of ITI for the year 2018-19 and how ITI plans to achieve this target, it was stated that the projected Turnover of ITI from operations is Rs 3170 crore. In view of new orders which ITI has got recently (Rs. 840

Crs for smart meters), expected orders of worth Rs. 8000 crore from ASCON project phase IV, and ITI being L1 in many tenders by which it is getting orders of about Rs. 700 Crs – Rs 800 Crs before March 2018. The total order booking of ITI will be about Rs 10,000 crore by 31.03.2018. ITI will achieve this target in the year 2018-19.

102. Elaborating the reasons for the turnaround of ITI and plan to further increase the capabilities of ITI, Secretary, DoT stated as under:-

"Now I come to the major causes of this turn around. First of all, money that the Government had been giving to ITI has been utilized for upgrading technologies in all the units. That has been one of the fundamental reasons for the turnaround. Second, ITI has ventured into manufacturing as part of Make in-India, particularly for Defence production, for solar panels and for the GPON equipment which is being used. 100 per cent of the electronic equipment that is being used in the BharatNet has been made in India and the technology has been provided by the C-DOT. Sir, I may mention here that after the initial roll out in the early 80s when we had the rural exchanges through the C-DOT technology, this is the second largest roll out of indigenous technology. Third, ITI has diversified into high tech areas and that is why you saw there that a centre for IOT has been opened in Bangalore. They are also venturing into Smart City solutions as well as some of the other high technology areas. On the operational side, they have been able to reduce expenditure as well as the interest cost through better financial management. On the HR side, a big effort has been made for upgrading skills and retraining. Additionally, we are now trying to explore synergies between all the PSUs so that together all of them can pool their capabilities and do better, particularly given that the market competition in telecom sector is very fierce, we believe that we would need these PSUs to come together if they are to do better. So, this is on the ITI."

103. The Committee also enquired about ITI units making maximum profit and maximum loss, the Department have stated that during 2016-17, Palakkad unit has earned maximum profit and Rae Bareli unit was under maximum loss. Bangalore unit, Palakkad, Network system Units of ITI Ltd were earning profits. At the end of third Quarter 2017-18, out of five the units except Naini unit are earning profits and it is expected that Naini Unit also will become profitable during 2018-19. The business vertical of Naini Unit is solar panel manufacturing and 30 MW solar plant

has been established for taking up manufacturing Solar panels. ITI has received contract of establishment of 14 MW Solar plant and we are actively participating Bhartanet project where in the solar panel requirement will be met by Niani unit.

104. On products giving maximum profit to ITI and status of their demand in the market, it was stated that comparatively the products which are giving maximum profits are encryption products of defence and Services like AMC. However, for other products like GPON, HDPE pipes which are being currently being manufactured, ITI is adding sufficient value addition. The profits on GPON and HDPE can be maximised on high volumes. ITI is already executing in BharatNet project by way of manufacturing, supplying, I&C and providing maintained services GPON equipments. In view huge demands under BharatNet Ph II for GPON, HDPE OFC etc., ITI is bidding for the tenders realised and expecting large orders. Already ITI has become L1 in one of the tender for BharatNet Phase-II for BSNL and expected to get purchase orders shortly. Further ITI is also offering GPON and Radio Modem solution to other private bidders where in ITI is expecting good business. Defence encryption products is primarily is restricted to PSU's like BEL, ECIL and ITI .On an average about ITI is already have a share of 30 % and the same would continue.

(viii) Status of Revival plan

105. Under revival plan ITI was provided Rs4156 Crs consisting of Rs.1892 Crs as Non plan funds and Rs. 2264 Crs as Plan funds for implementation of new projects in ITI. Out of Rs. 2264 Crs, we have received funds in 3 phases (1) 192 Crs (2) 80 Crs(3) Rs. 200 Crs. Out of this ,projects under Rs.192 Crs & Rs. 80 Crs have been implemented and Projects under Rs. 200 Cr are in final stages of Completion and will be implemented by 31.3.2018. Further Rs. 137 Crs (RE 2017-18) and Rs. 100 Crs (BE 2018-19) has been considered in Budget 2018-19, which will be implemented in 2018-19.

106. The Committee have been informed that in the following projects there is urgent need for infrastructure up gradation. ITI had requested Rs. 461 Crs for this purpose for completion during 2017-18. As against this only Rs. 337 Cr has been allocated in RE 2017-18.

1	Data Centre Phase II
2	Antenna Mfg. Phase II
3	Smart Card Phase II
4	Component Screening Phase II
5	Repair Center Phase II
6	HDPE Mfg Phase II
7	OFC/ Optic Fibre Mfg
8	PMP Microwave Mfg
9	Smart Jammers
10	Integration of PSLV for VSSC
11	Gyansethu, Green Power pack, CCU,PCU

107. The following projects have been affected due to non upgradation In view of shortage of CAPEX funds. Since allocation is less than the requested funds, the projects are being taken up and completed to the extent of availability of funds.

1	Data Centre Phase II
2	Antenna Mfg. Phase II
3	Smart Card Phase II
4	Component Screening Phase II
5	Repair Center Phase II
6	OFC/ Optic Fibre Mfg
7	Integration of PSLV for VSSC

108. The Committee also enquired about the status allocation of funds for capital up gradation. To this, it was replied that in addition to Rs. 200 Crs allocated under BE 2018 ITI had requested further Rs. 461 Crs under RE 2017-18 and Rs. 555 Crs under BE 2018-19 for various project implementation in ITI. However in the budget 2018-19, an allocation of Rs.137 CRs under RE 2017-18 and Rs.100 Crs under BE

2018-19. Since allocation is less than the requested funds, the projects are being taken up and completed to the extent of availability of funds.

(ix) Expansion of Market

109. To a query of the Committee whether ITI is also getting any demand from private players, the Committee have been informed that ITI's main turnover is coming from Govt business like BSNL, BBNL, MTNL, Defence. In view of CAPEX funds allotted and invested under revival plan, infrastructure in all the manufacturing units have been upgraded for taking up large scale manufacturing of new /technology products Like GPON, OFC, HDPE, Solar, Radio Modem, Antenna, Caller ID phones. ITI has also established 3 D printing facility, latest PCB and SMT lines, latest Testing facilities. All these are used to cater for both private and PSU requirements though revenues are small. ITI is putting efforts to increase the market share in private sector in the days to come.

110. On the measure to equip itself for manufacturing of new technologies like 5G based technologies and products, the Committee have been informed that ITI has upgraded and established new infrastructure in all its unit for manufacturing new/ latest technology telecom products like GPON, OFC, HDPE, Solar, Radio Modem, Antenna, Caller ID phones. ITI has also established 3 D printing facility, latest PCB and SMT lines, latest Testing facilities. ITI is also looking in to exploring viable manufacturing options for new technologies like 5G. ITI is discussing with C DOT for 5G Technology and also other major players in 5G.

Part II

Observations/Recommendations

1. on 9th February, 2018, the Ministry of Communications (Department of Telecommunications) laid Demand No. 14 for the financial year 2018-19 for a total amount of Rs.38055.28 crore consisting of Rs.33052.53 crore under Revenue Section and Rs.5002.75 crore under Capital Section. The Committee note that Revenue expenditure is an expenditure incurred in the day to day conduct and administration of the Department whereas Capital expenditure is an expenditure incurred to acquire or to improve an asset such as an equipment or building effects of which will be seen in long term. During 2017-18, an amount of Rs.35192.65 crore was allocated at BE which was reduced to Rs.26636.81 crore at RE mainly because of reduction of funds under USOF to the tune of Rs.4636.18 crore. With less Recoveries, the Net Revenue at RE is Rs.19636.81 crore and the actual expenditure till January, 2018 was Rs.17146.50 crore *i.e.* 87.13 per cent of the allocation made at RE. Under Capital section, an amount of Rs.3386 crore had been allocated at BE which was increased to Rs.4995.54 crore at RE mainly because of increase in allocation made under schemes like OFC based network for Defence Services, ITI revival, loan to HPIL and investment to HPIL. The Committee also note that upto 27th February, 2018, an amount of Rs.1960.90 crore has been utilized which is 39.25 per cent of the amount allocated at RE of 2017-18 and an amount of Rs.3034.64 remains to be utilized by March, 2018. However, from the information provided by the Department, the Committee are of the view that achieving full utilization of funds allocated at RE under Capital is unlikely, especially under schemes like Equity Infusion in HPIL for stamp duty, Monitoring Services (WMO), Telecom Engineering Centre (TEC), Soft loan to HPIL for payment of stamp duty and other miscellaneous expenditure, etc. For the year 2018-19, under Revenue Section an amount of Rs.33052.53 crore

has been allocated at BE which is Rs.2140.12 crore less than the amount allocated at BE of 2017-18. The Committee also note that an amount of Rs.5002.75 crore has been allocated at BE during 2018-19 under Capital Section which is Rs.1616.75 crore more than the BE allocation of 2017-18. This is mainly because of increased in allocation under schemes like OFC based network for Defence services, DoT Building, WMO Building, Training Institute for Communication Finance, Telecom Testing and Security Certificate Centre (TTSCC), 5G Test Bed, etc. While appreciating that the expenditure of the Department especially under Capital section had gradually improved during the last two years, the Committee desire that continuous efforts should be made by the Department to ensure complete utilization of funds made at RE stage under Capital section during 2017-18. The Committee also desire that the Department should take note of the schemes where there have been consistent underperformance and take all necessary measures to ensure adequate utilization of funds during 2018-19. The Committee may be apprised of the progress made in this regard.

Utilization of Funds for Schemes

2. The Department have informed the Committee very clearly that from the year 2017-18 instead of allocating funds under Non-Plan and Plan, Ministry of Finance has changed the policy of allocation of funds to Revenue and Capital. While allocation of funds under Revenue Section is for meeting day to day conduct and administration of the Department, the Committee note that allocation of funds under USOF is done under Revenue Head. An analysis of overall implementation of schemes by the Department indicates that there had been marked increase in the utilization of funds during the last three years. During 2015-16, the actual achievement was Rs.5787.24 crore which was increased to Rs.10883.14 crore during 2016-17. During 2017-18, an amount of Rs.15353.72 crore had been allocated at BE which was reduced to Rs.12320.67 crore at RE and actual utilization till February, 2018

was Rs.7297.46 crore which is 59.23 per cent of the allocation made at RE. The Committee have noted 'NIL' utilization under schemes like TEC, Establishment of Satellite Gateway Assistance to BSNL, Construction of DoT Headquarters, Investment to HPIL, Loan to HPIL, Telecom Computer Response Team (T-CERT), Central Equipment Identity Register (CEIR), TDSAT, 5G connectivity Test Bed, etc. The Committee are unable to understand the reasons for 'NIL' utilization under these schemes even by the fag end of the financial year. They are of the firm view that it will be quite impossible to completely utilize the amount allocated at RE during the remaining period of the financial year. For the year 2018-19, Department had proposed an amount of Rs.21986.55 crore at BE for implementation of various schemes. However, an amount of Rs.15306.41 crore has been allocated at BE. Some of the schemes, where there have been reduced allocation vis-à-vis proposed allocation are USOF, OFC based Network for Defence Services, TEC, C-DoT, NICF, TDIP, ITI Revival (Equity Investment), TRAI, Swachhta Action Plan, etc. On the other hand, schemes like WMO, Construction of DoT Headquarters, 5G connectivity Bed, etc. had witnessed increased allocation vis-à-vis proposed amount. To meet the shortfall in the allocation of funds, the Committee have been informed that it would be taken up at the Supplementary Demands for Grants 2018-19. The Committee are happy to note that significant achievements have been made on the infrastructure sector during the last three years, optical fibre coverage had increased from 7 lakh kms. to 14 lakh kms. and number of towers had increased from 7 lakh to 16 lakh. While expediting implementation of key schemes like Compensation to Service Providers for Creation and Augmentation of Telecom Infrastructure – USOF, OFC based network for Defence service, ITI Revival, C-DoT, etc. the Committee also desire that adequate emphasis should be given by Department for better implementation of various other schemes where there had been consistent under utilization of funds. Considering that there

is a gap of Rs.6680.14 crore between the amount proposed and the amount allocated at BE during 2018-19, the Committee also desire that adequate steps must be taken by the Department to ensure that implementation of various schemes are not affected due to shortage in allocation of funds.

Internal and Extra Budgetary Resources (IEBR)

3. The Committee note that there had been continuous underperformance by PSUs under the Department of Telecommunications in meeting the IEBR targets. IEBR is an important revenue source for implementing various schemes of the PSUs and it constitutes the resource raised by PSUs. It is quite understandable that shrinking revenue of PSUs has hampered their capabilities to generate resources. As per the information provided by the Department, the Committee note that with reference to RE, the achievement was only 26.58 per cent during 2014-15, 38.99 per cent in 2015-16, 24.11 per cent in 2016-17. For the year 2017-18, an amount of Rs.15235.75 crore was allocated at BE which was increased to Rs.17501.39 crore at RE and the achievement till December 2017 was only Rs.6231.86 crore which is just 35.60 per cent of the target set at RE. This makes the entire planning process of IEBR doubtful and impractical. For the year 2018-19, the Department had set an IEBR target of Rs.25684.13 crore at BE which is Rs.10448.38 crore more than the BE target of 2017-18. The increase is mainly due to balance payment, provision for operation and maintenance charges and payment of interest and dividends. Even though the Department have informed the Committee that IEBR target projections for the year 2018-19 are based on realistic assessment and achievable, the Committee recommend that a more realistic approach should be adopted while fixing the IEBR target while at the same time all the concerned PSUs should make their best efforts for achieving the IEBR targets during 2018-19.

Financial Position of Indian Telecom Industry

4. Committee note that telecom sector which was showing robust growth at 9 per cent CAGR in the past few years have witnessed declining revenue in the second half of FY 2016-17. The Department have informed the Committee that this was mainly because of recent entry of a new player and the increased competition due to free promotional offers leading to a downward trend of tariffs. Not just PUSs like BSNL and MTNL, but all telcos including established players like Airtel, Vodafone and Idea are facing stress. The total debt of the telecom industry stood at Rs.7.88 lakh crore which is more than thrice the Gross Revenue of the sector at Rs.2.1 lakh crore. The Committee note that to address this situation, an Inter-Ministerial Group was constituted on 16th May, 2017 to examine systemic issues affecting viability and repayment capacity, recommend policy reforms and strategic interventions for the sector. The IMG had made numerous recommendations which are under consideration of the Government. The Committee are of the view that telecom sector had contributed substantially for the growth of the country's economy. The Committee hope that a robust telecom sector is required not just for generating employment to millions but for implementing various flagship programmes of the Government. The Committee, therefore, desire that the recommendations of IMG should be considered at the earliest so that the matter may be placed before the Cabinet.

Universal Service Obligation Funds (USOF)

5. The Committee note that various schemes are being implemented by the Department under USOF. Some of these schemes are BharatNet Phase-I and II, Mobile Connectivity in Left Wing Extremism (LWE) Affected Areas, Comprehensive Telecom Development Plan for North East Regions, Setting up of Wi-Fi hotspots, Comprehensive Telecom Development Plan for Islands, etc. An analysis of the utilization of funds indicates that during the year

2017-18, an amount of Rs.11636.18 crore was allocated at BE which was reduced to Rs.7000 crore at RE mainly due to reduce allocation under schemes like BharatNet Phase I & II, Augmentation, Creation of Management of OFC Network in NE-I & NE-II, Provision of 25,000 Wi-Fi hotspots, CTDP Island scheme, CTDP NER, etc. The Committee have been informed that till February, 2018, an amount of Rs.5046.61 crore had been utilized and the remaining amount of RE shall be utilized by the end of March, 2018. The Committee have, however, noted 'Nil' utilization under schemes like Augmentation, creation and management of OFC network in Assam Service Area, OFC network in NE-I & NE-II, CTDP Islands schemes, CTDPNER, Augmentation of Transmission Media under CTDP for NER, RDEL-P, etc. The Committee would like to know the reasons for 'Nil' achievement under these schemes inspite of allocating adequate budgetary funds. The Committee are of the view that this leads to blockage of funds which would have been efficiently utilized for implementation of other projects. For the year 2018-19, an amount of Rs.10,000 crore had been allocated at BE. Major priority schemes are BharatNet, Provision of Wi-Fi connectivity under BharatNet, LWE affected areas and CTDP for North East Regions. The Committee recommend that while utmost care should be taken to effectively implement the major priority schemes, the Department should also keep an eye on the implementation of other schemes where there had been no or little achievement made so far inspite of huge budgetary allocations. The Committee are of the view that implementation of various schemes under USOF should not be allowed to suffer due to want of funds in view of the assurance given by the Ministry of Finance that Government is bound to provide funds for the USOF schemes.

BharatNet

6. The Committee note that as on 19.07.2017, the Union Cabinet had approved a modified strategy for BharatNet in three Phases. Under Phase-I, 1,00,000 GPs will be provided with connectivity. Under Phase-II, remaining 1,50,000 GPs (approx.) are targeted to be implemented by March, 2019. Phase-III, will be to upgrade the network to meet the future requirements. With regard to the status of the project, Phase-I has been completed as 1,00,000 GPs have been connected by December, 2017. The Committee also note that as on 11.02.2018, pipe had been laid to 116054 GPs and 102546 GPs have been made service ready. The target is now to provide connectivity to 1.5 lakh GPs by March, 2019. With regard to status of utilization of funds, the Committee note that during 2017-18, an amount of Rs.10,000 crore was allocated at BE which was reduced to Rs.6000 crore at BE. The actual utilization made was Rs.4350 crore. For the year 2018-19, an amount of Rs.8000 crore had been allocated at BE. The Committee are of the view that the amount allocated at BE will be too inadequate because as per the total estimate approved by the Union Cabinet, the Capex cost alone for connecting 1.5 lakh GPs in Phase-II will be 18,792 crore. With other activities (exclusive of GST, octroi and local taxes) the amount approved by Union Cabinet for Phase-II project is Rs.30,920 crore. Keeping in view that BharatNet project had been severely delayed, the Committee recommend that the Department should make sincere efforts to ensure that Phase-II target of providing connectivity to 1.5 lakh GPs by March, 2019 is achieved without fail. With regard to shortage in allocation of funds, the Committee trust that the Ministry of Finance will uphold in letter and spirit, the assurance given to the Department *vide* their letter dated 28.07.2014 that as and when the schemes take off, Government is bound to provide funds for this scheme through USOF. Since adequate balance is available with USOF, implementation of this project should not be allowed to suffer due to shortage of funds and any

requirement of funds should promptly be made available for the implementation of the project.

Mobile Communication in LWE affected areas

7. The Committee note that in addition to 2199 towers approved by Cabinet on 20.08.2014, Government had approved setting up of towers in 156 additional sites making it total of 2355 sites in LWE affected areas. As per the information furnished by the Department, out of these 2355 sites, 2329 sites are radiating. The Committee have also been informed that DoT had approved enhancement of VSAT bandwidth from 512 kbps to 1024 Kbps on 198 sites of LWE Phase-I in July, 2017. Further, Telecom Commission has recommended enhancement of VSAT bandwidth to 2 Mbps at all sites on VSAT under LWE Phase-I. DoT has also received an additional requirement from Ministry of Home Affairs for provisioning of 4072 mobile towers in 96 security Related Expenditure Districts for which Note for the Cabinet approval is under process. With regard to budgetary utilization, the Committee note that during 2017-18, an amount of Rs.400 crore had been allocated both at BE and RE. Out of this, an amount of Rs.361.86 crore has been utilized. During 2018-19, the Department have proposed an amount of Rs.424 crore, however an increased amount of Rs.524 crore has been allocated at BE. With regard to physical target for the Plan 2018-19, the Committee note that in addition to 4072 locations identified by Ministry of Home Affairs to be set up with a viability gap funding of Rs.7330 crore from USOF, the remaining 14 towers shall also be installed. The Committee are glad to note that due to implementation of this scheme 3000 villages have been provided with connectivity and has helped in the operation of the Security forces. The Committee feel that still so much more needs to be done in these areas. The Committee recommend that enhancement of VSAT bandwidth at 198 sites and all VSAT sites as recommended by DoT and

Telecom Commission should be urgently implemented. Moreover, Note for approval of Cabinet for setting up of towers in 4072 towers should be expedited so that the target can be achieved during 2018-19. Since the project is to be funded through USOF, the Committee are hopeful that there will be no shortage of funds for the implementation of this project.

OFC based network for Defence service

8. The Committee note that the project was sanctioned by the Cabinet Committee on infrastructure for Defence Service in lieu of the spectrum to be vacated by them. The project involved laying of 60,000 Kms. of OFC and purchase of equipment. With regard to the status of implementation of the project, 52,000 Kms. *i.e.* 87 per cent of OFC had been laid and for equipment, out of eight components tenders have been finalized for six. Several factors, such as getting RoW permission from various agencies like NHAI, Railways, Oil India, BRO, MoEF and various State agencies like PWD, Forest Wildlife, and Municipal agencies, court cases by various bidders at tendering stages are acting as major impediments in the implementation of the project. The Committee also note that the cost of the project has again increased from Rs.13,334 crore to Rs.24,664 crore and the process for taking necessary approval from the Cabinet is under process. With regard to utilization of funds, the Committee note that during 2017-18, an amount of Rs.3000 crore had been allocated at BE which was increased to Rs.3755 crore at RE. Out of this an amount of Rs.1726 crore had been utilized till February, 2018. It is expected that the entire RE allocation would be utilized by March, 2018. For the year 2018-19, an amount of Rs.10,000 crore has been proposed, however an amount of Rs.4500 crore only has been allocated at BE. The Committee note that, NFS is a project of national importance intended to provide a dedicated, state-of-the-art communication facilities for the Defence services. Since Advance Purchase/Purchase Orders have been released for 08

components, an amount of Rs.8323 crore would have been incurred on NFS by end of March, 2018. Since delay in the implementation of the project had again led to cost overrun, the Committee recommend that necessary approval of the Cabinet for enhancement of the project should be taken at the earliest so that it can be completed within the stipulated deadline. The Committee desire to be apprised of all the progress made in this regard.

Telecom Testing and Security Certification Centre (TTSCC)

9. The Committee note that a pilot project of Telecom Testing and Security Certification Centre (TTSCC) is being set up by the Department at Indian Institute of Science (IISc), Bangalore. It will function as a national test bed to facilitate formulation of standards and policies as well as provide facilities for security testing, validation and security certification. The Committee have been informed that team from DoT along with IISc has prepared the requirement of tools and test equipment and procurement action is in progress to synchronize with the completion of the infrastructure works by the BSNL. The project is expected to be completed by July, 2018. Under this project, till now there are no labs set up for security testing of telecom equipment. In view of this, manufacturers/vendors are getting telecom equipment tested from accredited labs from anywhere in world as per license amendment dated 13.05.2011. The Committee have been informed that initially the certification of the testing was to get done only from authorized and certified agencies/labs in India from 1st April, 2013. However, this was extended and now mandatory testing of every component of the telecom network elements will start from 1st October, 2018. An analysis of the utilization of funds indicates that during 2017-18, an amount of Rs.15 crore has been allocated at BE and RE and till February, 2018, an amount of Rs.6.6 crore has been utilized. This was mainly because the approval for project estimate was received on 15.12.2017. For the year

2018-19, an amount of Rs.27 crore has been allocated at BE. The Committee are of the view that there is an urgent need for early setting up of TTSCC in the country. Considering that there is a lack of sufficient expertise in the country and no country/agency shares the details, substantive efforts need to be made to develop in-house security standards. The Committee are of the view that there is a need for experts from different field in this area to share the knowledge and work together. The Committee also desire that no further extension of time beyond 1st October, 2018 for mandatory testing of telecom equipment should be made so as to both safeguard security as well to check indiscriminate import of network equipment from some of our neighbouring countries.

5G Connectivity Test Bed

10. The Committee note that 5G is the next technological frontier. The Committee have been informed that a High Level Task Force has been set up under Prof. Paul Raj and it is expected that India's roadmap for 5G will be unveiled by June or July of this year. The Committee also note that to develop an entire ecosystem, budget allocation of Rs.35 crore at RE 2017-18 has been made for indigenous 5G Test Bed. However, the amount allocated could not be utilized as the matter is under examination at present in Department of Legal Affairs for legal vetting of the terms and conditions governing Grants-in-Aid for the project. During 2018-19, an amount of Rs.134.48 crore has been allocated at BE. The amount allocated can be utilized only after legal vetting of terms and conditions governing Grants-in-Aid for the project by the Department of Legal Affairs and due approval of the competent authority. The Committee desire that sincere efforts should be made for development of sufficient capabilities so as to take advantage of emerging technologies and assume a position of leadership. The Committee are glad to note that attempt is being made to better harvest the available

capabilities and resources in this area. The Committee desire that the Department of Legal Affairs should expedite legal vetting of terms and conditions governing Grants-in-Aid for the project so that Department could take approval of competent authority at the earliest and funds made available for the scheme. The concern of the Committee in this regard may be forwarded to the Department of Legal Affairs and the Committee apprised of all progress made in this regard.

Bharat Sanchar Nigam Limited (BSNL)

11. During 2017-18, BSNL has set a revenue target of Rs.26,500 crore. However, till December, 2017, BSNL's total income was Rs.16268 crore and the corresponding expenditure was Rs.24562 crore, incurring a total loss of Rs.8294 crore. For the year 2018-19, the projected revenue and projected expenditure is Rs.28500 crore and Rs.35850 crore respectively. The Committee note that revenue receipts of BSNL has declined in all segments except passive infrastructure. This is mainly because of hyper competition in the telecom industry and huge salary cost. The only solace is that with a total debt of Rs.9000 crore, BSNL is still the least indebted company in the industry. The Committee have also been informed that steep decline in tariffs shall ease and tariff may increase in the coming months. The Committee have also been informed that BSNL is endeavouring to earn revenue from land and building assets as well as by providing Project Management Consultancy to other Government Departments for their civil work. The Committee are of the view that in the given circumstance, it will not be easy for BSNL to increase its revenue earning. The Committee are also not convinced that tariff may increase in the coming months. Since BSNL revenue is declining in all segments except passive infrastructure, the Committee desire that BSNL should now try their best to decrease their expenditure. There is an urgent need to reduce its huge salary burden. In

this regard, the Committee recommend that VRS proposal of BSNL which is under submission should be considered at the earliest. With regard to giving Government projects to BSNL on nomination basis, the Committee are glad to note that the Department are looking to position BSNL as the foremost rural player and prime importance has been given to BSNL under BharatNet. The Committee hope that BSNL would take all necessary steps to take advantage of this opportunity to improve their services and increase revenue earnings.

Real Estate Management

12. There are total of 15,192 land parcels available with BSNL. Out of these, 14,181 land parcels are freehold and 1,011 land parcels are lease hold. The Committee note that fair value of 4,030 prime land parcels have been ascertained and as on 01.04.2015, the fair value is Rs.70,524.89 crore. With regard to utilization of lands available, the Committee note that proposals for commercial exploitation of 7 land parcels were submitted to DoT for approval between 26.12.2013 to 29.04.2014. The proposals entail total upfront revenue of Rs. 1,057 Crores and Net Present Value (NPV) of Rs. 2,863 Crores. The decision is still awaited from DoT. The Committee have been informed that requisite approval could not be granted due to policy decision of Government of India stipulating that specific approval of the Cabinet in each case of sale or long term lease of land belonging to the Government or Government controlled statutory authorities would be required. The Cabinet Secretariat has recently provided clarifications on some of the issues. Accordingly, requisite action in this regard is underway. The Committee have also been informed that BSNL has received proposal for ten land parcels in Telangana Circle from HPCL, 5000 sq ft. land in Karnataka Circle from UIDAI, 15 land parcels in HP Circle from IOCL, 9 land Parcels in Gujarat Circle from IOCL, 6 land parcels in MP Circle, 20 Acre land in

Tamilnadu Circle from Chennai Metro Rail Corporation Ltd., 4 land parcels in Kerala Circle from HPCL, 5 land parcels of Rajasthan Circle from HPCL, 6 land parcels in UP(West) Circle from BPCL, and 5 land parcels in Punjab Circle from HPCL. Out of these proposals, one proposal for 10 land parcels in Telangana Circle from HPCL has been submitted to DoT for accord of approval in accordance with Article of Association of BSNL- 144(3) (a) and other proposals are with BSNL in advance stage of submission to DoT.

The Committee feel that tremendous opportunity exists for BSNL to earn revenue from commercial exploitation of land available with them, which otherwise are laying idle. Considering the declining revenue of the company, the Committee find it absolutely necessary that BSNL should be allowed to commercially develop the lands. The Committee, therefore, recommend that all proposals of BSNL which are under consideration of the Department should be expedited at the earliest.

Mahanagar Telephone Nigam Limited (MTNL)

13. The Committee note that MTNL is under severe debt burden. As on 31.12.2017, the outstanding debt of MTNL is Rs.16870.40 crore. The amount is exclusive of Rs.4533.97 crore where the liability of Interest and Principal for Refund of BWA spectrum is with the Government of India. With regard to revenue income and expenditure, during 2017-18, against the income target of Rs.2812.40 crore, upto December, 2017, MTNL has earned a total income of Rs.2456.41 crore and incurred an expenditure of Rs.4529.23 crore incurring total loss of Rs.2072.82 crore. The situation is unlikely to improve during 2018-19. As against the income target of Rs.2952.50 crore, the expected expenditure is Rs.6306.57 crore, with a total loss of Rs.3354.01 crore. The Committee also note that overall wireline and wireless market share of MTNL is also declining. The Committee have now been informed

that due to large number of employees retiring every year, more than 3000 employees which is around 12 per cent of the total employees, staff cost will show a downward trend from FY 2017-18 onwards. It is also expected that allotment of 4G spectrum to MTNL against equity infusion will contain the negative growth in wireless and broadband segments in the coming years. The Committee also note that MTNL has engaged M/s Deloitte as Consultant for providing 'Advisory Services' for revival plan of MTNL. An Internal Committee of DoT is examining the report of the Consultant. The Committee observe that MTNL is in dire state, and the assistances given by the Government so far are proving to be far too inadequate. The Committee are of the view that revival plan of MTNL needs to be executed at the earliest as delay in the process is only leading to further sliding of the revenues. The Committee strongly recommend that an Internal Committee of DoT should expedite examining the recommendations of the Consultant on revival of MTNL. The Committee desire that revival plan in the line of ITI Ltd. may be worked out and implemented in the case of MTNL also. The ultimate goal of revival of MTNL should not be delayed any further.

VRS to MTNL Employees

14. The Committee note that the proposal for giving VRS to MTNL employees has been pending for a long time. Since MTNL is incurring more than 76.75 per cent of the revenue on staff cost as opposed to 4 to 6 per cent by private sector, the Committee are of the view that revival of MTNL will involve significant reduction in staff cost. Granting of VRS to 5312 employees *i.e.* 20 per cent of the staff retiring in next 10 years is expected to reduce staff cost by 20 per cent thus improving negative cash flow. Considering that the proposal for granting of VRS to 20 per cent has been recommended by Telecom Commission itself, the Committee recommend that the Government

should consider the proposal at the earliest so as to improve the financial health of the company.

4G Spectrum for BSNL and MTNL

15. The Committee note that in telecom sector, the voice market is already saturated and now the demand is on data. BSNL and MTNL have submitted proposal for allotment of spectrum with Government support for launching of 4G services in their respective Licensed Service Areas (LSAs). The Committee have been informed that Hon'ble Minister had declared on the floor of the House that Government are shortly going to take a final decision in the matter and the Department are actively considering giving 4G spectrum. The Committee are of the view that both BSNL and MTNL will lose the data market, if they are not given 4G services soon. To compete and survive in the telecom market, the Committee feel that 4G spectrum should be given to them at the earliest. The Committee hope that the assurance given by Hon'ble Minister in the House in this regard will be implemented in letter and spirit and proposal for allotment of spectrum with Government support will be given positive consideration.

Revival of Indian Telephone Industries (ITI) Ltd.

16. The Committee are happy to note that ITI has made profit for two consecutive years. The net profit for the year 2016-17 was Rs.305 crore as against Rs.251 crore of previous year and turnover of Rs.2000 crore for the year 2017-18 is expected to be achieved. The performance of the company signifies that it is already in a revival mode. The projected turnover for the year 2018-19 is Rs.3170 crore. The Committee note that the total order booking of ITI will be about Rs.10,000 crore by 31.03.2018. This is because recently ITI has got orders of Rs.840 crore for Smart Meters, Rs.8000 crore expected from ASCON project Phase-IV, and ITI being L-1 in many tenders from which it is getting orders of about Rs.700-800 crore. All ITI units except

Naini are making profit at the end of third quarter 2017-18. It is expected that Naini Unit will also become profitable during 2018-19. With regard to status of implementation of the 'Revival Plan', the Committee note that out of Rs.2264 crore approved for upgradation of infrastructure, ITI have so far implemented projects of Rs.272 crore and projects of Rs.200 crore will be implemented by 31.03.2018. Further, Rs.137 crore (RE 2017-18) and Rs.100 crore (BE 2018-19) has been considered in Budget 2018-19. The Committee note that some of the projects are under urgent need of upgradation and many projects of ITI have been affected due to non-upgradation. During 2018-19, an amount of Rs.555 crore has been proposed for implementation of various projects, however an amount of only Rs.100 crore has been allocated at BE. The Committee are of the view that the amount allocated so far *i.e.* Rs.709 crore is just 31.31 per cent of the amount approved by the Cabinet under the ITI Revival Plan for Capex. Considering that ITI is already in a revival path and is diversifying into high tech areas, the Committee are of the view that full allocation of funds as per the ITI Revival Plan should be implemented so that ITI can upgrade the necessary infrastructure to meet the huge demand for various products of ITI in the country. The Committee would also like to express the view that the main challenge of ITI now is to remain profitable by meeting future challenges. The Committee hope ITI would continue to keep pace with the changing times.

17. The Committee note that ITI's main turnover is coming from Government business like BSNL, BBNL, MTNL and Defence. Efforts are being put in place to increase its share in private sector. The Committee also note that ITI is also exploring viable manufacturing options for new technologies like 5G about which discussion is going on with C-DoT and other major players of 5G. Even though 5G technology is still at evolving stage, the Committee recommend that ITI should take all measures to take economic

benefits from newer technologies like 5G, Internet of Things, M2M etc. Efforts should also be made to increase its market share with the private players also instead of only catering to Government sector.

New Delhi;
12 March, 2018
21 Phalguna, 1939 (Saka)

ANURAG SINGH THAKUR,
Chairperson,
Standing Committee on
Information Technology.

**MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2017-18) HELD ON 21ST FEBRUARY, 2018**

The Committee sat on Wednesday, the 21st February, 2018 from 1100 hours to 1330 hours in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur - Chairperson

MEMBERS

Lok Sabha

2. Shri Prasun Banerjee
3. Dr. Sunil Baliram Gaikwad
4. Dr. Anupam Hazra
5. Shri P. Karunakaran
6. Shri Virender Kashyap
7. Shri Harinder Singh Khalsa
8. Smt. R. Vanaroja
9. Shri Abhishek Singh
10. Shri Ramdas C. Tadas

Rajya Sabha

11. Shri Raj Babbar
12. Shri Santiuse Kujur
13. Dr. Vinay P. Sahasrabuddhe

SECRETARIAT

- | | | |
|--------------------------|---|---------------------|
| 1. Shri R. C. Tiwari | - | Joint Secretary |
| 2. Shri Y.M. Kandpal | - | Director |
| 3. Dr. Sagarika Dash | - | Additional Director |
| 4. Smt. Geeta Parmar | - | Deputy Secretary |
| 5. Shri Shangreiso Zimik | - | Under Secretary |

LIST OF WITNESSES
DEPARTMENT OF TELECOMMUNICATIONS

Sl. No.	Name of Officer	Designation
1.	Ms. Aruna Sundararajan	Secretary, DoT
2.	Ms. Anuradha Mitra	Member (F)
3.	Shri Prabhash Singh	Member (T)/Member (S)
4.	Shri N. Sivasailam	Spl. Secretary (T)
5.	Shri Sanjay Singh	Administrator (USOF)
6.	Shri P. K. Sinha	Advisor (F)
7.	Shri Anil Kumar	Wireless Advisor
8.	Shri Anupam Srivastava	CMD, BSNL
9.	Shri P.K. Purwar	CMD, MTNL
10.	Shri S.Gopu	CMD, ITI
11.	Shri A. Seshagiri Rao	CMD, TCIL
12.	Shri S. K. Mishra	Principal Advisor, TRAI

2. After the welcome address by the Chairperson, the representatives of the Department of Telecommunications made a power-point presentation highlighting the issues pertaining to the DoT such as overall teledensity in the country, status of telecom infrastructure, usage of mobile and broadband data, investment and FDI inflows into telecom sector, reforms made in telecom sector and recent policy initiatives such as harmonization of spectrum and spectrum audit, formulation of National Telecom Policy 2018, budgetary allocations and expenditure under Revenue and Capital during Financial Years 2016-17 and 2017-18 and BE for Financial Year 2018-19, details of revenue receipts during 2016-17 and 2017-18 and Budget estimate for 2018-19, trend of revenue receipts under License Fees and spectrum usage charges, organization structure, functions and responsibilities of DoT, etc.

3. The powerpoint presentation also indicated the status of implementation of various flagship programmes, such as BharatNet, Wi-Fi scheme, Mobile connectivity in LWE affected areas, Comprehensive Telecom Development Plan for North-East, Comprehensive Telecom Development Plan for Andaman and Nicobar Islands, utilization of funds provided under USOF, Network for Spectrum for Defence services, performance of C-DoT and PSUs like BSNL, MTNL and ITI.

4. Members, then, sought clarifications on various issues viz. declining trend in revenue receipts, status of telecom connectivity in rural areas, status of sharing of towers and call drops, reduction in allocation of funds from BE to RE affecting implementation of schemes during 2017-18, performance of schemes and utilization under USOF, status of implementation of ITI revival plan, functioning of BSNL and MTNL, setting up of towers in LWE affected areas, status of electronics equipment manufacturing in the country, etc.

5. The Chairperson, then, thanked the representatives of the Department of Telecommunications for deposing before the Committee.

The witnesses then withdrew.

Verbatim Proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

**MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2017-18) HELD ON 12TH MARCH, 2018**

The Committee sat on Monday, the 12th March, 2018 from 1000 hours to 1030 hours in Committee Room No. '3', First Floor, Extension Parliament House Annexe Building, New Delhi.

PRESENT

Shri Anurag Singh Thakur - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
5. Dr. Anupam Hazra
6. Dr. J. Jayavardhan
7. Shri Virender Kashyap
8. Dr. K. C. Patel

Rajya Sabha

9. Shri Suresh Gopi
10. Shri Santiuse Kujur
11. Dr. Vinay P. Sahasrabuddhe

SECRETARIAT

- | | | | |
|----|-----------------------|---|---------------------|
| 1. | Shri R.C. Tiwari | - | Joint Secretary |
| 2. | Shri Y.M. Kandpal | - | Director |
| 3. | Dr. Sagarika Dash | - | Additional Director |
| 4. | Smt. Geeta Parmar | - | Deputy Secretary |
| 5. | Shri Shangreiso Zimik | - | Under Secretary |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt the following Draft Reports on 'Demands for Grants (2018-19)':-

- (i)XXXX....XXXX...XXXX...XXXX...XXXX....XXXX...XXXX...XXXX...;
- (ii)XXXX....XXXX...XXXX...XXXX...XXXX....XXXX...XXXX...XXXX...;
- (iii) Forty-seventh Report on Demands for Grants (2018-19) relating to the Ministry of Communications (Department of Telecommunications);
- (iv)XXXX....XXXX...XXXX...XXXX...XXXX....XXXX...XXXX...XXXX...; and
- (v)XXXX....XXXX...XXXX...XXXX...XXXX....XXXX...XXXX...XXXX...;

3. The Committee, thereafter, adopted the Forty-seventh Report without any modification.

4. The Committee, then, authorized the Chairperson to finalize the draft Reports arising out of factual verification, if any, and present the Reports to the House during the current session of Parliament.

The Committee, then, adjourned

....XXXX....Matters not related to Report